# Daily Report

# Latin America

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# Daily Report
## Latin America

*FBIS-LAT-95-065* *5 April 1995*

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## Parlacen Deputy Rejects CIA Interference in Region

*PA0504043495 Mexico City NOTIMEX in Spanish 2153 GMT 4 Apr 95*

[FBIS Translated Text] Guatemala City, 4 Apr (NOTIMEX)—A Central American Parliament (Parlacen) deputy said today that CIA activities in Central America reflect the hegemonic handling of the region.

"Central America should never again be a testing ground or a defense zone for interests alien to Central Americans," Guatemalan Deputy Manuel Conde Orellana told NOTIMEX.

Conde Orellana said the submission to U.S. interests "cornered Central America, divided its society, and caused internal conflicts in Guatemala, Nicaragua, and El Salvador."

Parlacen's position is "to close ranks in defense of the area's interests," reject the interference of powerful countries in the internal affairs of Central American countries, and not to defend foreign interests, Conde Arellana said regarding recent protests over CIA interference in Guatemala.

He added that Parlacen has stressed to Central American military leaders the importance of creating a regional defense model that "will really result from our self-determination."

He noted that "we have even spoken to political leaders who belonged to former revolutionary armed movements about "the need to identify national and regional objectives and not follow foreign guidelines or tendencies."

U.S. Congressman Robert Torricelli, a Democrat, recently revealed that Guatemalan Colonel Julio Roberto Alpirez was a CIA agent and as such ordered the executions in Guatemala of a U.S. citizen and a local guerrilla.

The U.S. organization was able to infiltrate the structures of countries behind the "Iron Curtain;" therefore, its actions in Central America should surprise no one, considering that the region was shaken by insurgent movements over the past decade, he added.

Conde Orellana said that the fact that the CIA has hired agents in institutions such as the armed forces is grave. Nevertheless, he said the individuals involved should be punished if their responsibility is proven, without affecting the Guatemalan Army's image as an institution.

Conde Orellana warned that reports mentioning members of the armed forces as CIA agents can cause divisions within the armed institutions, particularly within the top military ranks.

He stressed that the CIA's interference is highly unfavorable for Central American armies and governments but ruled out the possibility that it could affect relations between the isthmus and the United States.

## First Stage of Separation of Forces Completed

*PY0504031395 Lima Global de Television Network in Spanish 0130 GMT 5 Apr 95*

[FBIS Translated Text] Brazilian and U.S. delegates to Peru have termed successful the separation of Peruvian and Ecuadoran forces. They also expressed their confidence that the border conflict between the two countries will be solved as soon as possible.

[Begin recording] [Brazilian delegate] The separation of forces process comprises six different stages. The first stage was completed today on the Peruvian side, while on the Ecuadoran side it was completed yesterday. The delay on the Peruvian side was due to bad weather conditions.

[Unidentified reporter] Of what does the second stage consist?

[Brazilian delegate] The same process; the same thing continues. But this withdrawal of troops is divided into six stages. The first stage was completed today. This stage was completed one day in advance, more quickly than expected.

[Reporter] Now that the first stage has been completed, what will the second stage include?

[U.S. delegate] I am very optimistic about a peaceful solution of the conflict with Ecuador and also about the electoral process in Peru. We have to be confident. [end recording]

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## Cuba

### Commentary Cautions Against Imperialism by U.S.

*FL0404154895 Havana Radio Rebelde Network in Spanish 1155 GMT 4 Apr 95*

[Eduardo Dimas commentary; from the "Doing Radio" program]

[FBIS Translated Text] An old friend, who is a correspondent for an important U.S. newspaper in Nicaragua, once told me that she could only write in a certain way, following orders, yet, she was aware that she was giving a false image of Nicaragua's reality. I recalled her words when I saw her name in some of the reports which came from Haiti when U.S. forces pulled out. I do not know whether she still maintains the same views, or whether she got used to lying, although personally I would prefer not to believe so. However, this was part of the fanfare of a big advertising show, which we can entitle The Democracy Show.

On 31 March, there was a change of command from the occupation U.S. troops, which arrived in Haiti on 19 September 1994, to UN forces, as agreed in U.N. Security Council Resolution 940. From now on Haiti's security is in the hands of the UN and its Blue Helmets. Yet, the retiring troops, as well as those seizing command, are both under the orders of generals in the Pentagon.

As you all know, President William Clinton, UN Secretary General Butrus Butrus-Ghali and Haitian President Jean-Bertrand Aristide—who was reinstated in power after the U.S. invasion—attended the change of command ceremony. President Clinton gave two speeches—one of them before the troops, whom he called democracy fighters—and the other one during the change of command ceremony.

In this fashion, the U.N. Security Council helped the United States policy to score once again. The balance of the intervention, which had the alleged goal of ending the military dictatorship and restoring the people's elected officials, was the creation of a dangerous precedent. This precedent could be repeated in other circumstances, ignoring the people who, on the surface, are receiving their democracy back.

In addition, it is worthy to recall that General Raoul Cedras and his acolytes were the offspring [engendrados] of the United States, and today they are living a golden exile in Panama and other countries, without paying for their crimes. It is also worth recalling that the coup d'etat was instigated—or at least tolerated—at the time by the United States, which did not approve of Jean-Bertrand Aristide in power.

The restoration has not brought any change to the Haitian people's material living standards. Democracy is a myth and a fallacy when people do not enjoy economic, social, and cultural rights. Haiti has never had these rights, and at this rate, will never enjoy them. Haiti continues to be the continent's poorest country, and cannot enjoy the fictitiously reinstated civil and political rights.

The call for elections on 4 July, which will be internationally supervised, with the participation of the U.N. Blue Helmets, will not solve any problems. The Haitian people and government lost another portion of independence and sovereignty. Imperialism, on the contrary, has established an inauspicious precedent for any Latin America country, particularly if the extreme right wins the presidential elections in the United States, as it may well happen.

### Mexican PAN Senators Visit Havana, Oppose U.S. Blockade

*FL0404181895 Havana Tele Rebelde Network in Spanish 1730 GMT 1 Apr 95*

[Report by Rey Rodriguez; from the "NTV" newscast]

[FBIS Translated Text] A group of senators from Mexico's National Action Party [PAN] have been visiting Cuba. At this moment they are meeting with Tourism Minister Osmany Cienfuegos who is informing them about investment and developing tourism in Cuba. Earlier this morning they met with Abel Prieto at the National Union of Cuban Writers and Artists Center. Abel discussed Cuban culture issues, including the large contradiction evident in Cuban culture today where there is an explosion of creativity and initiative on one hand, and the shortages of the special period on the other. I would like to share with you the comments of several of the 21 PAN senators, members of the second most powerful party in Mexico, during the last day of their visit.

[Begin recording] [Unidentified senator] Personally, I have visited Cuba many times, however, this is the first visit for many of the members of the parliamentary delegation. We have had two meetings with Commander Fidel Castro; we met with Carlos Lage; held a high level meeting with Mr. Alarcon and with the National Assembly of the People's Government. I feel we have had an outstanding exchange. We want to strengthen our relations with Cuba, the PAN party has always been opposed to the U.S. blockade against Cuba, and we are speaking out against it. In view of the political importance it is taking on, I think that PAN is the only party that can give the issue the importance it merits, and lend the possibility of helping to end this absurd U.S. embargo of Cuba. Regarding other issues, I believe that we have laid the groundwork for many projects, plans, and exchange of experience for our mutual benefit.

[Second unidentified senator] This has been an unforgettable experience. We have learned a great deal from touring La Habana Vieja, and speaking with artists, historians, and political officials. This has increased our

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political and cultural understanding, and will help us a great deal in our legislative work in Mexico.

[Third unidentified senator] Learning about the current situation in Cuba in a time of crisis is especially enlightening. As you know we are experiencing an economic crisis as well, and observing how the Cuban people and government have reacted to the onslaught of chaos and aggression from outside, is a valuable experience from which we can draw some useful conclusions. [end recording]

This visit has been very productive for Mexican-Cuban relations. Above all, because of the number of senators participating in the visit as well as the press coverage given, a large contingent of Mexican journalists are covering the senators' very busy three-day visit to Cuba. We must also keep in mind that in Mexico, PAN is second in popularity only to the ruling Institutional Revolutionary Party.

### Alarcon Addresses National Electoral Commission Ceremony

*FL0404121895 Havana Radio Rebelde Network in Spanish 2300 GMT 3 Apr 95*

[Report by Gisela Bel Heredia; from the "Exclusive" program]

[FBIS Translated Text] Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, emphasized the circumstances under which the election of delegates to the Municipal Assemblies of the People's Government will be held. Alarcon was one of the speakers at the ceremony, chaired by Justice Minister Carlos Amat Fores, at which the members of the national electoral commission assumed their posts. Alarcon said that after the elections, the elected delegates must assume their duties with the same patriotism and fervor of past elections.

[Begin Alarcon recording] Also, we are doing this at a time—and we cannot forget this—when others are trying to decide our fate for us; at a time when, in addition to the long, demanding, difficult, economic struggle of our people, there is also our people's heroic resistance against the ever-growing and strengthening U.S. blockade and aggression. [end recording]

Alarcon pointed out that, therefore, the process beginning now is an integral part of the great battle for the economy and the defense of national sovereignty.

[Begin recording] [Alarcon] I am certain that the comrades who have been designated by the Council of State to lead these efforts will rise to the occasion, just as they have done on many other occasions, and meet the challenge of this great responsibility.

[Amat] I believe that I express the feelings of all the commission members when I say that they have been assigned a place of honor in the battle that Comrade Alarcon has just described. We will continue this effort with the spirit of patriotism, and sense of responsibility, and aware that with this effort we are contributing to the further strengthening of our institutions, our revolutionary democracy, and our people's commitment to carry their flag forward. [end recording]

Jose Miyar Barruecos, secretary of the Council of State presided over the ceremony. The electoral commission vice president is Juan Aizpurua, the secretary is Miguel Aguilar Onoz, and it has 14 other members.

### Castro: I Feel Great Pride and Love for Our Youth

*FL0504125495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0030 GMT 5 Apr 95*

["Excerpts" of interview with Commander in Chief Fidel Castro by Cuban reporters on the occasion of the 33d anniversary of the Union of Young Communists (UJC) and the 34th anniversary of the Jose Marti Pioneers Organization; place and date not given—recorded]

[FBIS Translated Text] I believe that our youth are truly marvelous and without them, these years of Revolution, the work of the Revolution, would have been impossible.

As we have said on other occasions, it has been their lot to live through the most difficult period of our history. United here are the survivors of the previous generations and the new ones, and the ones to come in the future. The generation to which we belong played its role, a very important role. We cannot forget the years of the struggle against Batista, and the sacrifices. We cannot forget the struggle of the first years of the Revolution, the first aggressions. That generation was able to resist, fight, and consolidate the Revolution. Then came a period when the Revolution had to be built. First we had to create the conditions, and defend the Revolution, before building it. We continue to defend it today. That is the period that it is impossible to put down on paper or even relate without the youth.

We could not have resisted all these years without the efforts of that youth. How to describe their deeds in every field, in the field of the creative work of the Revolution, the development of the Revolution with its extensive endeavors in the social sphere as well as the economy, which is not mentioned frequently. This work has given our people their dignity. It has defended their independence, and created and preserved values and a new culture that has made extraordinary accomplishments in every field. How could this have been possible without the efforts of that youth we so truly admire?

The youth has also played, we cannot forget this for even a moment, a role in the internationalist missions. This is also the youth of the special period. This is why it is not possible to make comparisons between the youth back then and today's youth. The most likely comparison is that of a virgin field that one must weed out, plow, plant, until harvest time. That is the difference between the

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youth then and the youth today. This youth has grown in a field sown by the Revolution.

However, since there is still so much to do, this youth has a very important role in the history ahead, and as you can see, the youth are making strides in every field based on merit and quality. We do everything we can to open doors for them. New cadres are emerging everywhere. They have important and complex responsibilities. I see the youth today involved in everything. That is an unknown experience for me. No one lent us an ear when it came to discussing national issues, or university, or student problems. We were treated like kindergarten children. The pioneers nowadays are valued more than university students were back then. I have to feel envious.

I can tell you that I feel great pride and love for our youth, the youth that has continued the work of the Revolution. I am not saying this because of my age, or because I am getting more sentimental, or feel somewhat like a father or grandfather to our youth, but because I have objectively observed history.

The youth today is said to regret not having experienced the Moncada attack or the Granma expedition, and many others things. I regret not being one of the delegates today to the congress of the Federation of University Students. They feel nostalgic about our times, and we feel nostalgic about their times. That would be my dream. Here you have me, deeper in years, having to do things for which one needs all the energy of when I was 22 or 23 years old. That is the great contradiction I face today.

What to say to them? May your entire life be like an eternal spring, always resembling that April. Is April not the very spring? May their future be everything we have dreamt for them. May they always be better, demonstrating that mankind can be better and better. And, if possible, despite the setbacks experienced by Revolutionary ideology, I hope the pioneers may grow in communism, either them, or their children, or their grandchildren, in a world better than today's.

### Reporter Summarizes Founding of UJC, Pioneers Organization

*FL0404224995 Havana Tele Rebelde Network in Spanish 1630 GMT 4 Apr 95*

[Commentary by Mari Carmen Gonzalez; from the "NTV" newscast]

[FBIS Translated Text] I have the difficult but pleasant task today of summarizing, in less than three minutes, the founding of two organizations, the Union of Young Communists [UJC] and the Jose Marti Pioneer organization, both instituted over 30 years ago. On this 4 April, some details of their development merit mentioning. We have witnessed the well known changes that the last few years have brought about; necessary, appropriate, and well-received changes that were aimed at making the UJC an organization for all Cuban youths, not just the military. To harmonize UJC interests with the concerns and complaints of youth in general is a noble undertaking that requires dedication and ability. One must ask whether all these objectives have been fully realized. We know they have not. Poor decisions along the way, passivity, and a real lack of resources have hindered their realization. In view of this, anniversary campaigns have undoubtedly been very propitious in engaging Cuban youth. In addition, we know that national and regional leaders' efforts to get out and speak with youths at work-study and agricultural centers have contributed to the cause. I want to point out in my commentary that the youths' achievements in productive sectors during the first few days of 1995 demonstrate that the efforts of one day can become a routine practice if it is encouraged and well organized. There is one detail I must not forget, for those who criticize our youth, who increased their ranks by 60,000 during 1995 [as heard], the most difficult year of the Revolution. Indeed, the majority of rafters were young, as are the hustlers and prostitutes, which is reason to increase efforts in the community, and for which programs have been created. However, other considerations, such as the thousands of youths who remain in Cuba—the members of the Youth Labor Army, those involved in scientific tasks and the harvest—tip the balance in favor of this generation that has proclaimed itself the generation of the centennial of the death of Jose Marti in Dos Rios.

### Giron-95 Anticrime Exercise Yields First-Day Results

*FL0404224895 Havana Radio Rebelde Network in Spanish 1700 GMT 4 Apr 95*

[From the "National Radio News"]

[FBIS Translated Text] The Giron-95 exercise to improve the Unified Vigilance and Protection System in Havana, begun on 3 April, yielded positive results the first day. Reporter Pepe Suarez tells about measures taken against thieves, antisocials, and counterrevolutionaries.

[Begin Suarez recording] A mere 19 of Havana's more than 17,000 businesses suffered break-ins. The places robbed had not provided sufficient vigilance, and did not comply with the physical safety rules implemented for their protection. These 19 armed-robbery cases are being processed, and measures and indictments againts management will be implemented.

The first-day assessment revealed that Playa, Cerro, Arroyo Naranja, and Centro Havana were the municipalities with the highest crime rates, and that day care centers, restaurants, and metal industry shops were the businesses most affected.

In addition, 14 wanted criminals and prison escapees were arrested, as well as 102 suspected criminals. Several municipalities received warnings about potential crime,

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and there was an offensive against hustling and other anti-social behavior. [end recording]

### Pump Breakdowns Spawn Water Shortages

*FL0404155095 Havana Radio Reloj Network in Spanish 1402 GMT 4 Apr 95*

[FBIS Translated Text] Havana's aqueduct management announces that water supply in most of the city's municipalities is affected by pump breakdowns in the water sources. Four pumps in the south basin are not working, therefore Plaza municipality high elevation locations do not have water due to lack of pressure.

In addition, Palatino water reservoir is not providing enough water to Centro Havana and Havana Vieja municipalities. Diez de Octubre municipality has water shortage due pump breakdown in Palatino. Boyeros and Arroyo Naranjo municipalities have problems due to breakdowns in Aguada del Cura and Paso Seco pumps. Also Marianao and Playa have water shortages due to ongoing repairs in [name indistinct] pump.

Ariguanabo is also undergoing repairs, creating shortages in La Lisa Municipality. A breakdown in Palatino pump nine has produced water shortages in Regla and Guanabacoa municipalities.

### Roundup of Cuban Economic Developments

*PA0404201595*

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 3 April.

According to a 31 March, Havana-datelined item, official sources announced today that a new business firm to reactivate state investment in the manufacturing and renewal of machinery, basically agroindustrial machinery, was formed here. The organization, dubbed Agromecanica and chaired by Jorge Yanez, was organized with the support of 18 specialized enterprises distributed nationwide and it comprises 54 shops with a production area of 130,000 sq meters. (Havana PRENSA LATINA in Spanish 1426 GMT 31 Mar 95)

## Haiti

### Aristide Reportedly Considering Cabinet Shuffle

*PA0504022395 Port-au-Prince Radio Metropole in French 1600 GMT 4 Apr 95*

[From "The Midday Newscast"]

[FBIS Translated Text] There could be a cabinet reshuffle in the next few days. According to the Agency Inter-Press Service, President Jean-Bertrand Aristide could have an important cabinet reshuffle in the governmental team. The agency cites close sources in the National Palace and indicates that the president will consider dismissing Prime Minister Smarck Michel. Inter-Press Service reports that the president is allegedly dissatisfied with the performance of his team and that there is tension among government members.

An anonymous employee told the agency that the president believes some ministers to be obstacles and perhaps even part of a plot. The employee also stated that what is discussed during secret meetings in the Palace is out on the street shortly thereafter.

Some popular organizations recently demonstrated in Port-au- Prince and Cap-Haitian to demand the dismissal of some government members, including Prime Minister Smarck Michel.

### Prime Minister Cited on Bertin Assassination, Insecurity

*PA0504024095 Port-au-Prince Radio Metropole in French 1600 GMT 4 Apr 95*

[Report by Rothschild Francois from "The Midday Newscast"]

[FBIS Translated Excerpt] Prime Minister Smarck Michel and the justice Minister met with the press on 3 April on insecurity and justice. The head of the government took the opportunity to announce the opening of an investigation into the assassination of lawyer Mireille Durocher Bertin. He said all procedures will be followed if the involvement of a government minister is proven. Reporter Rothschild Francois has filed a report: [Begin Francois recording] Prime Minister Smarck Michel is ready to take the necessary action should the interior minister be formally charged in the assassination of lawyer Mireille Durocher Bertin. The head of the government said, however, quote: We are not at that point yet, and these are only allegations about Beaubrun's possible involvement in the 28 March murder attempt.

Speaking before the press, accompanied by the justice minister on 3 April, Smarck Michel confirmed a judicial investigation is being carried out. He said the Haitian Government was benefiting from the technical assistance of the FBI:

[Begin Michel recording, in Creole] When a crime is committed and an investigation is done, whoever is found guilty as a result of the investigation will pay for it, but the government does not make decisions based on allegations.

So far, we have the allegations by the individuals whom the council has arrested, and they have implicated Interior Minister Beaubrun. Thus, the investigation is ongoing, and once the results are known, we will make the necessary decisions in accordance with the results of the investigation.

We will not make any decisions, however, before the results of the investigation are announced. A group of people was arrested under certain circumstances. These people have implicated the interior minister in the

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crime, accusations of which the government was already aware even prior to the crime. Thus, a decision has not been made yet. The investigation must continue.

Meanwhile, we have the assistance of the FBI, and th government is conducting its own investigation so it can determine the facts and come to a conclusion. The case must be clear in order for the government or Minister Beaubrun to make a decision. [end recording]

The justice minister said the government is fully responsible for the investigation into Bertin's assassination. Lawyer Jean-Joseph Exume said six people, including the Moise brothers, of the Front of United Militants, and Claude Douge, who has denounced the existence of a plot against Bertin, are being detained. Douge said the interior minister could be the culprit.

The prime minister took the opportunity to announce a pro-justice campaign. Michel and Exume said the government intends to restart a series of investigations into the assassination of Antoine Izmery, Minister Malary, and Father Jean-Mary Vincent. The prime minister said the FBI would also give technical support to the Haitian Government. The prime minister and the justice minister also answered reporters' questions on the atmosphere of insecurity, which is a major concern of the Haitian people. [passage omitted]. Meanwhile, insecurity claimed additional victims in the metropolitan area over the weekend. Furthermore, the head of the Haitian Government, Smarck Michel, announced that the issue of justice will be part of the agenda of all governmental meetings this week.

## CEP Officials Comment on Coming Elections

*P40504030695 Port-au-Prince Signal FM Radio in French 1030 GMT 4 Apr 95*

[From "The Waking Up Newscast"]

[FBIS Translated Text] The Provisional Electoral Council [CEP] once again has promised free, honest, and democratic elections amid a safe and stable climate. Insecurity will not be part of it, CEP President Anselme Remy assured during a news conference on 3 April.

Ninety-four percent of the funds earmarked for the forthcoming elections will come from abroad. The Haitian Government's share will be used to pay the salaries of the employees of this institution, the CEP president said. Ballot papers will be printed abroad and by the International Foundation for Electoral Systems in accordance with the willingness of the CEP, said Remy, to whom we will listen now:

[Begin recording] [Remy, in Creole] Regarding the question of money, the bulk of the money will come from the international community. You will see that the U.S. Government has given a large portion, nearly.... [pauses] more than half. Unfortunately, the Haitian Government has given (?only) 6 percent, whereas the Haitian Government gave 60 percent in 1990. This point demonstrates the difference.... [pauses] When I tell you that 1995 is not 1990, [words indistinct] there are many things which the 1990 CEP could do and which we cannot; it is obvious.

The United Nations is managing the money of the international community, so when.... [pauses] We are using the Haitian Government's money to pay salaries. When we need something, we must go through the United Nations, which (?determines) the validity of the request and chooses when to honor it, the reason why I do not hesitate in saying we squabble with the United Nations because its priorities are not ours.

[CEP Secretary General Marie-Laurence Jocelyn Lassegue] The question of security was also debated. In the CEP, we insisted on the fact that it is true there is a plan of security for the country, and that plan has been worked out with the international community, the CEP, the concerned authorities, the interim police, and so on. This plan provides for security for the registration and polling stations, the Communal Electoral Offices, the Departmental Electoral Offices, and for all the candidates, so they will not face any problems while campaigning.

At the time of the elections, that is, 4 June, first, and, possibly, 27 June.... [pauses] We in the CEP want to draw your attention to the fact that if this plan.... [pauses] I believe it is a good plan, but we cannot dissociate it from a global and general climate within the country. This means that even if you have a good electoral plan and if there is no climate of security in the country, you will not even have time to execute it. [end recording]

Among the other issues discussed during this news conference was the issue of identifying the political parties that have the same acronyms and the same emblems, such as the National Reconstruction Movement, which has two branches headed, respectively, by Rene Theodore and Rony Mondestin. This is an issue for concern for the Haitian Justice Department, according to Marie-Laurence Jocelyn Lassegue, to whom we have just listened.

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### Ruiz Massieu's Lawyer Resigns Over Disagreement

*PA0404232995 Mexico City NOTIMEX in Spanish 1958 GMT 4 Apr 95*

[FBIS Translated Text] Mexico City, 4 Apr (NOTIMEX)—Xavier Olea Prez, counsel for the defense of former Mexican Deputy Attorney General Mario Ruiz Massieu, resigned today over disagreements with his client's relatives.

The lawyer told the press that he quit because "the accused man's closest relatives want to impose a defense strategy that contradicts my opinion and legal criteria."

Ruiz Massieu is under arrest in the United States on charges that he violated customs regulations. Mexican authorities are trying to have him extradited so he can answer to charges of illegal acquisition of wealth.

### Analysts Expect 2 Million Unemployed This Year

*PA0404162095 Mexico City EL FINANCIERO in Spanish 3 Apr 95 p 45*

[Report by Arturo Gomez Salgado]

[FBIS Translated Text] Official estimates on unemployment will fall short of reality in light of the dismantling of all production networks and the abrupt drop in internal consumption.

Analysts anticipate that this year, according to conservative estimates, 2 million Mexicans will be thrown into unemployment due to both the wave of dismissals (500,000 in the first two months) in addition to the expected unemployment rate.

In general, in 1995 the proportion of unemployed will reach 30 percent. Ten million people of working age will be unable to find a job in the formal economy due to the recession in the manufacturing industry and the freeze of positions in the public sector.

Clemente Ruiz Duran, university professor and researcher at the School of Economics Graduate Division of the UNAM [National Autonomous University of Mexico], said that the rupture of the economic plan will have a high social cost and that the estimates of the Secretariat of Labor that 750,000 people will be left without jobs are more than optimistic, because there are practically no economic activities or prospects that the crisis can be overcome in the short term.

He termed the economic plan to overcome the recession period as incongruent because, far from decidedly supporting the production apparatus, the interest centers on fulfilling the payment of the public debt using international credit lines. These credit lines will only get us into further debt and will increase our dependency on foreign assistance, the researcher remarked.

Ruiz Duran stated that while industrialists and businessmen are, on the one hand, asked to reactivate production and attack the foreign market to obtain more foreign currency, they are, on the other hand, not given the necessary support to reconvert their facilities, and policies restricting consumption are being established.

### Business Leaders Cited on Economic Program

*PA0504043395 Mexico City LA JORNADA in Spanish 31 Mar 95 p 5*

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations, has said that if the government of President Ernesto Zedillo decides to continue the economic program it has implemented for the past years, this program should be "prudent" and not favor speculative investment; it should establish an economic and fiscal policy to promote productive investment and jobs.

Meanwhile, Raymundo Artis Espriu, leader of the National Processing Industrialists Association (Anit), has said the productive plant lost 12 years, "and we are headed for six more years of the same" due to the failure of economic policies implemented in recent six-year terms.

Only large companies and big capital have been benefited, and the damage caused on national companies was not considered.

During an interview at the assembly of the Chamber of the Sugar Industry, Diaz Romero gave his opinion on the neoliberal economic model: "I think it has acquired pejorative connotations. One thinks of radicalism when the word neoliberal is mentioned."

"I believe we should adopt a prudent model, one with a market that is open to free competition, one with opportunities for everyone, a model creating conditions to ensure that everyone has the same opportunities to grow while it is still open to free competition," he has said.

The model should not, however, include restrictive policies but, rather, policies that support and give incentives to national production plants within a framework of stability and adequate interest rates, Diaz Romero added.

He has said "this government received a country with a certain image and has realized the picture was different and problems continue to emerge, and this is why needed adjustments are being made, and we still have much to do to achieve stability."

Diaz Romero underscored the need to disburse the funds established by the investment unit (UDI) system and to define the National Development Plan and an industrial policy in keeping with production plant needs.

As for the financial programs to restructure overdue portfolios of the industrial sector that the federal government has announced, he has said they are viable alternatives as long as they do not drastically change macroeconomic variables.

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They will actually, he added, give liquidity to the companies and not reduce their debts; their debts will be simply spread over more years, and this involves a debt restructure that will allow them to meet payments with fewer difficulties.

He has admitted, however, the UDI's will be applied as long as a company is capable of generating resources, because it would have serious problems if it runs high costs and faces a deteriorating market and intense competition due to trade opening.

Diaz Romero has said the export sector could be a solution for those who are facing a contracted domestic market. I hope, he added, this advantage will not be nullified by the high cost of money we have in Mexico; this situation should not last much longer, because Mexican industry would be jeopardized.

Meanwhile, Anit leader Raymundo Artis Espriu has said the economic cabinet should resign in three months should the federal government's package of economic measures to face the emergence fail.

Artis Esprui has said during a news conference the first ones who should resign are Finance Secretary Guillermo Ortiz Martinez, Commerce Secretary Herminio Blanco, and Labor and Social Welfare Secretary Santiago Onate. Miguel Mancera, governor of the Bank of Mexico, should have resigned already, he added.

The industrial leader added that as part of this period of sacrifices, the administration is capable of further reducing the size of and modernizing the government.

In this regard, he has said that the Mexican Social Security Institute must be modernized and that Infonavit [Institute of the National Fund for Workers Housing] must disappear, because it is a heavy bureaucratic burden and has proven to be ineffective.

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## El Salvador

### Government Denies Plot To Assassinate Butrus-Ghali

*PA0504045495 Paris AFP in Spanish 0426 GMT 5 Apr 95*

[FBIS Translated Text] San Salvador, 4 Apr (AFP)—The Salvadoran Government on the night of 4 April denied the existence of a plot to assassinate UN Secretary General Butrus Butrus-Ghali during his visit to the country over the weekend.

"The government of the Republic denies the existence of a plot to assassinate the UN secretary general, as international dispatches citing UN Spokesman Juan Carlos Brandt have reported," an official communique stated.

"The government denies that Salvadoran authorities had informed the UN spokesman of a possible attack on Dr. Butrus-Ghali and deplores that Mr. Brandt has been misled by rumors of this nature," stated the communique issued by the Presidency of the Republic.

## Guatemala

### GAM Wants U.S. Official Extradited in Missing Persons Case

*PA0404230995 Panama City ACAN in Spanish 1658 GMT 4 Apr 95*

[FBIS Translated Text] Guatemala City, 4 Apr (ACAN-EFE)—Nineth Montenegro, president of the Mutual Support Group (GAM), today accused John Michael Taylor, first secretary of the U.S. Embassy in Guatemala in 1984, of knowing about multiple missing person cases in this country.

According to Montenegro, Taylor must be extradited to Guatemala because he knows about CIA participation in missing person cases over the past decade.

The president of GAM, an organization made up of relatives of 45,000 people who were made to disappear for political reasons, leveled this charge during a visit she made today to La Verbena Cemetery in Guatemala City, a location her organization believes to be the site of a common grave with more than 10,000 unidentified corpses.

Montenegro said she has requested a meeting with U.S. Ambassador Marilyn McAfee to discuss the Taylor case. Montenegro believes he could be a "key lead" in investigating missing person cases in Guatemala.

Montenegro explained that in 1984, when Taylor was first secretary of the embassy, he handled information on 29 young people who had been kidnapped. She added that while it is true he is not responsible for what happened, it is necessary that he provide information on those cases.

The human rights defender insisted: "We must request his extradition to clear up what happened, because he is in possession of much information available to the CIA."

Montenegro said the two countries must work together to clear up the assassination of Michael Devine (1990), a U.S. citizen, and of Efrain Bamaca (1992), a Guatemalan guerrilla. Colonel Julio Roberto Alpirez, an alleged CIA agent, has been accused of these crimes.

The Guatemalan officer has denied that he belonged to any U.S. intelligence service. He has also denied having participated in either of the two assassinations.

Alpirez was accused by Democratic Congressman Robert Torricelli of New Jersey of being responsible for these two cases. This charge has created a commotion in the United States and Guatemala.

According to Alpirez' attorney, Leopoldo Guerra, so far there are no specific charges against his client.

## Nicaragua

### Godoy Comments on Assembly-Executive Talks

*PA0504013195 Managua Radio Corporacion in Spanish 1700 GMT 3 Apr 95*

[From the "News Trench" newscast]

[FBIS Translated Text] Vice President Virgilio Godoy Reyes has given his opinion on the talks, sponsored by certain foreign diplomats, being held at the UN headquarters between executive branch and National Assembly delegates:

[Begin recording] [Godoy] Having accepted these types of talks, which will lead nowhere, seems to be a mistake. For example, there are reports that certain ambassadors, such as the Dutch ambassador, annoyingly complained at one time about the way the government or the Lacayo-Pereira team was working during the talks. Perhaps this was simply a mechanism to gain time and then see how the main problem faded away.

I believe that what has taken place these last few days is enough to make participants meditate and realize they are weakening the position of the National Assembly by participating in talks that are headed nowhere and by discussing topics that do nothing to solve the main problem.

[Unidentified reporter] What is your opinion on the fact the executive branch seems to refuse to discuss the implementation of the reform? It seems the National Assembly does not have the sufficient force to get the Nicaraguan people to take to the streets civically to support it. What is missing so the country can stabilize as it should?

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[Godoy] We need to create a coherent behavior. One cannot make reforms and then open channels to discuss them and raise doubts about them.

I believe the actual reforms are going well. I believe that the judicial branch is rapidly becoming used to them and that judges are, more or less, getting accustomed to the definite acceptance of these measures. The talks manage, however, to raise doubts, to introduce an element of confusion, to give the government an edge, and end up with the National Assembly being unable to explain what happened and unable to ensure that the reforms will become consolidated and thus give the country its much needed stability.

This is a pity, and it is also a pity that certain political leaders sometimes do not seem to understand this point clearly; therefore, these talks, together with the other proposals in circulation, which, perhaps, include mediation of the reforms, in no way contribute to the country resolving its problems.

We all need to get everyone to back, push, comply with the reforms, giving the country the legal vitality it needs, and thus contribute so this crisis can be resolved once and for all. [end recording]

## Panama

### Article Assesses Consequences of U.S. Bases' Withdrawal

*PA0404183695 Panama City EL PANAMA AMERICA in Spanish 20 Mar 95 p 6A*

[Article by Joaquin Fernando Franco: "Panama and the Bases"]

[FBIS Translated Text] It seems that a possible agreement to extend the presence of the U.S. bases in Panamanian territory is being considered at the highest levels in the United States and Panama.

Because of the deceptive manner in which the United States intervened in our independence from the very beginning, and in the canal treaties as well, the Panamanian people resented that country's impositions and unleashed a chain of nationalist struggles.

This rebelliousness seemed to have culminated with the Torrijos-Carter Treaties of 1977, although the collateral treaties, as did the original treaties, granted the colossus of the north rights in perpetuity, which unquestionably could cause future conflicts. This is why the United States can unilaterally intervene in the Canal area and in any part of the country if it deems that the Canal's management is inefficient or that its security is threatened.

It is good to keep in mind that these 1977 treaties were signed with a dictatorial government that ended when a Panamanian soldier, the strongman at the time, foolishly and barbarically decided to challenge the U.S. Government with a declaration of war.

All of this must be taken into consideration because we must admit that neither the presence nor the withdrawal of the U.S. bases ends the gringos' "right" to meddle in Panama, if we accept the legality of those treaties.

When inflamed nationalists in Panama called for the expulsion of U.S. troops from Panamanian soil, U.S. troops were operating with the consent of people and governments in almost every part of the universe. There were gringo troops in Europe, the Middle East, Asia, and so forth. To give a few details, I will mention Spain, England, Germany, Italy, Greece, Turkey, Japan, South Korea, Indonesia, and so forth.

All of these countries not only were paid rent for these bases, but benefited from the the U.S. soldiers' considerable spending in those territories.

The world is growing increasingly less nationalist. Right now there is one power that will rule for many years because there is no other power in sight to immediately replace it economically or culturally. This power is the United States of America.

The United States is dictating economic guidelines for the immediate and medium-term future, which, in my opinion, are not the best if progress is to be achieved in developing countries. No one will be free from such intricate processes as globalization, the World Trade Organization, and cultural agencies that are spreading all over the world and raiding it with the Yankee spirit and style. Only those people of superior intelligence, talent, and ability who are capable of circumventing the institutional calamities whose imposition is being attempted, will be able to save themselves to some extent.

Regarding the military bases, the gringos do not seem to have any interest in maintaining them. They are dismantling their bases throughout the world and in their own territory. Perhaps they may have motives for wanting to maintain one in Panama, not for reasons of national insecurity, which does not exist, but as an advance guard for the all-out war they have declared on drug trafficking, which is increasingly corroding the human foundations of the United States and of humanity itself.

However, we must take into consideration that the $600 million plus they have been contributing to the Panamanian economy annually is evaporating daily because of the U.S. troops' withdrawal. It will not be easy to replace this income. For many years, people have been telling me that millions will be brought to Panama to develop million dollar businesses. Apart from the Colon Free Zone, I have seen nothing to make these hopes come true.

Part of our economic comfort we owe to our gringo neighbors, to their presence in Panama, to the many forms of assistance they have given us for specific national development projects.

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I would like to know what great projects for immediate or medium-term development will allow us to throw overboard what we have now.

It is not a matter of saying yes or no to the bases' presence. It is a matter of very carefully weighing whether a misunderstood nationalism, which most of the countries of the world do not have, will push us into adopting outmoded elitist policies that will lead us down the path followed by the poorest nations of this hemisphere.

### Editorial Views Southcom Transfer, Reversion Issues

*PA0404194495 Panama City EL PANAMA AMERICA in Spanish 3 Apr 95 p a 4*

[Editorial: "The Military Bases"]

[FBIS Translated Text] The U.S. decision to transfer the U.S. Southern Command to Miami shook up many people. Until that moment they had forgotten that the entire U.S. military complex will be dismantled in less than four years.

Many people believed that the United States would never pull out. Other people believed false reports of alleged investment and infrastructural works, which indicated that the United States was not withdrawing.

The U.S. Government has made it clear, through a number of spokesmen, that they will comply with the treaties and will relinquish all the bases by noon on 31 December 1999. In fact, they have begun to do so at an even faster pace than the minimum agreed on, to such a degree that our government had to ask the U.S. Government to slow down the reversion program, because Panama was receiving more assets that it was able to maintain and administer.

The cost of converting a military base for civilian use is enormous. That was the experience with some military bases in the United States. Some have been sold or leased to hotels and businesses, but a large investment was necessary to do so.

This factor will be negative for Panama, because even if we are able to attract some foreign investment to the canal area, the huge cost of converting the bases to civilian use will not allow us to see the benefits of their sale or lease for many years, aside from the jobs they may generate.

We have said that this administration has embarked on a venture to sell what it has, to profit on that which it does not have. Thus, we have the Southern Command and the military bases, we have an aggressive construction industry which provides jobs for over 12,000 Panamanians and generates immense wealth for the banks, real estate companies, and others.

The Colon Free Zone is the most prosperous of its kind in the continent; and the industrial sector, although inefficient, generates tens of thousands of jobs; while the agricultural sector continues to be the main source of jobs.

The military bases spill some $500 million into our economy each year, and directly employ over 6,000 Panamanians and 4,000 foreigners who spend their incomes in our businesses. This is a real and tangible fact, free on any speculation. When they are gone, we will not have those benefits.

Of course we could replace them, if we manage to adequately administer the enormous patrimony to be reverted—formerly the Canal Zone. But the truth is that at the moment we have nothing tangible in exchange for the bases, and, as far as we know, one cannot feed on hope; nor can hope furnish jobs.

If the United States really has an interest in some bases, let them pay for them! What we cannot afford to do is say no when it is to our benefit and the majority want the bases.

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## Argentina

### Menem Again Criticizes U.S. Envoy for 'Acting Carelessly'

*PY0404130895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1040 GMT 1 Apr 95*

[FBIS Translated Excerpt] Santa Fe, 1 Apr (NA)—President Carlos Menem again criticized U.S. Ambassador to Argentina James Cheek for "acting carelessly," as "his remarks involve meddling in our country's domestic affairs."

The president emphasized that the diplomat "cannot take positions that violate Argentine sovereignty and the Argentine Congress' decisionmaking power."

Menem added that "if any amendments are made" in articles of the Patents Bill approved in Congress this week, "the spirit of the bill will not be affected."

In response to Cheek's remarks, Menem yesterday emphasized: "His remarks involve meddling in the domestic affairs of a country like Argentina that is proud of its sovereignty and of everything we have been doing so far."

The diplomat had pointed out, among other things, that the approved Patents Bill was more appropriate for countries like Burundi or Suriname than for Argentina.

Menem made these remarks shortly before leaving for the capital of Santa Fe from Rosario, during a visit he paid to this province yesterday to dedicate projects and share a barbecue with PJ [Justicialist Party] leaders. [passage omitted]

### Vice Foreign Minister Rules Out U.S. Envoy's Departure

*PY0404155095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0135 GMT 2 Apr 95*

[FBIS Translated Text] Buenos Aires, 1 Apr (NA)—Vice Foreign Minister Fernando Petrella denied today that U.S. Ambassador to Argentina James Cheek would discontinue his diplomatic mission in Argentina before serving his regular term. Petrella emphasized: "There is no element leading one to believe that this kind of measure would be appropriate."

Petrella added: "The diplomat (referring to Cheek) plays and will continue to play a great role in enhancing the relations between Argentina and the United States."

The vice foreign minister therefore denied reports indicating that Cheek might leave his post in Argentina in July, after the 14 May elections, "to allay" the conflictive situation created by his remarks on the approval of the patents bill on pharmaceuticals.

Cheek had threatened Argentina that it would not receive "a single peso more" in investments by U.S. laboratories if the bill was approved in Congress.

President Carlos Menem described Cheek's remarks as "unwarranted pressure" and underlined Congress' position of condemnation of the diplomat's meddling in the domestic affairs of Argentina.

Petrella today said: "The ambassador's remarks have not found any response, and the relationship with the United States remains as solid as before."

The Argentine diplomat added: "Transferring or not transferring an ambassador depends on the country accrediting him, and our Foreign Ministry sees no reason requiring such a measure."

However, Petrella does not want citizens to make the interpretation that the Foreign Ministry deems the U.S. ambassador's remarks "appropriate."

The vice foreign minister also pointed out that Congress reacted with "very good judgement" to Cheek's position, as did Foreign Minister Guido Di Tella. Di Tella conveyed to the U.S. ambassador "the Argentine Government's displeasure."

### Defense Minister: Conventional Arms Sales To Continue

*PY0404161195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1821 GMT 3 Apr 95*

[FBIS Translated Text] Buenos Aires, 3 Apr (NA)—Defense Minister Oscar Camilion today said that Argentina would continue "to sell conventional weapons" to various countries, noting that "there is no reason not to sell them" despite the controversy prompted by the diversion of shipments to Ecuador and Croatia.

Camilion ruled out the possibility of additional resignations in the Defense Ministry following the controversy. He said that the investigation into this case "depends on the proceedings being carried out by the attorney general (Angel Aguero Iturbe)."

Camilion emphasized that the Defense Ministry does not have any kind of responsibility in the "affaire" because "the diversion proves the culpability of those who were involved in the intermediation."

Camilion made these remarks after a mass celebrated at the Stella Maris church in Buenos Aires to pay tribute to the soldiers fallen in the Malvinas Islands. He participated in the mass with President Carlos Menem.

During his chat with journalists Camilion also denied that he would tender his resignation. In this regard he emphasized: "There is nothing new."

In the defense minister's opinion, "the confirmation of suspicions about the existence of a diversion of an arms shipment to Ecuador merely proves the culpability of those who were involved in this operation's intermediation."

In this regard Camilion again emphasized: "Of course, the intermediation of those who purchased these

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weapons with a given destination, and then redirected them to another destination, is basically responsible for this."

The defense minister admitted, however, that the resignation tendered by Military Industries (FM) Trustee Luis Sarlenga involves "an admission of responsibility."

Camilion explained: "A resignation has been tendered. In this regard there has been an admission of responsibility."

Nevertheless, Camilion emphasized that the Military Industries "are not responsible for the diversion of weapons" because "the regular and customary controls" for contracting the company that transported the weapons "were conducted."

The defense minister pointed out: "The Military Industries contracted a company that apparently then diverted the weapons. From this point of view the blame cannot be pinned on them for what was done by others."

With regard to the Defense Ministry's involvement in the weapons issue, Camilion emphasized that the Defense Ministry "does not have any other responsibility than having controlled, along with other state departments, the implementation of an operation that was carried out according to all the customary practices."

The defense minister ultimately denied that, following this problem, Argentina would stop selling weapons to foreign countries.

Camilion said: "We will continue to sell conventional weapons. There is no reason to not sell them."

### Falklands Governor: 'Policy of Seduction' Will Not Succeed

*PY0404130095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2038 GMT 3 Apr 95*

[FBIS Translated Text] Buenos Aires, 3 Apr (NA)—David Tatham, the Malvinas Islands governor, today asked Argentina to leave aside its claim of sovereignty over the archipelago, noting that the Argentine Government's policy of seduction toward the "Kelpers" would "in no way" succeed.

In remarks to Radio del Plata this morning, the Malvinas Islands governor said: "It can be predicted that in the future, if the dispute between the United Kingdom and Argentina is settled, the inhabitants of the Malvinas Islands will strive for independence."

Tatham explained that if Argentina regains its sovereignty over the Malvinas Islands, the Kelpers might "think of independence."

The governor said the Malvinas Islands inhabitants are not afraid of Argentina, but "are concerned over Argentina's position, as expressed by the president of the Republic (Carlos Menem), for the year 2000."

On many occasions, Menem has said that the Malvinas Islands will again be under Argentine sovereignty by the year 2000.

Tatham made it clear that "there is no physical fear" of Argentina among the Kelpers because "the islands are properly defended."

The governor concluded by saying: "There is absolutely no sign that indicates a change in attitude or of the stance of the Malvinas Islands inhabitants toward Argentina, just as there has been no change for the past 160 years."

### MAS, PTS Proclaim Christiansen-Montes Presidential Ticket

*PY0404164395 Buenos Aires CLARIN in Spanish 1 Apr 95 p 16*

[FBIS Translated Text] The Movement Toward Socialism (MAS) and the Workers Party for Socialism (PTS) have proclaimed their presidential ticket, made up of Alcides Christiansen and Jose Montes.

MAS leader Christiansen is a construction workers union leader from Neuquen Province, while PTS leader Montes is a Rio Santiago Shipyard labor union leader.

The candidates said: "We call for a struggle against imperialism, the government, and democracy for the rich, and for a break with all the various employers."

The alliance between the MAS and the PTS was presented as a "workers and socialist" alliance. In the struggle for a place among Trotskyite voters, the MAS-PTS alliance notes that the PO [Workers Party] "has committed political fraud by concocting a front... with itself."

### Left Seen as Having 'Little Electoral Significance'

*PY0504003195 Buenos Aires TELAM in Spanish 1810 GMT 1 Apr 95*

[Article by Daniel Lagos]

[FBIS Translated Text] Buenos Aires, 1 Apr—As part of a historical trend, but one that on this occasion is even more pronounced, the Argentine left is about take part in the 14 May elections with five different options.

Going against the vein of things, or having failed to learn a lesson from the electoral history of Argentina, given the very little electoral influence that it has obtained since the implementation of the Saenz Pena Law, which ushered in free elections as of the second decade of this century, and the law approved in the 1940's that allows women to vote, the left has characterized itself with its trend to become fragmented.

With 14 May just around the corner, the Southern Alliance [Alianza Sur], the Resistance Front [Frente de la Resistencia], the Workers Unity-Workers Party Front [Frente de Unidad Trabajadora-Partido Obrero], the

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Workers and Socialist Front [Frente Obrero y Socialista], and the Socialist Movement of the Workers [Movimiento Socialista de los Trabajadores] will try to woo the electorate.

These fronts or alliances have submitted their presidential ticket throughout the country, which is considered as a single district, although in the provinces the reality is different.

The Southern Alliance, which has Fernando Pino Solanas, who is in the film industry, as its presidential candidate, and Carlos Imizcoz, a leader of a pensioners sector, as its vice presidential candidate, will run in 22 of the 24 electoral districts, because the political parties with which they are running in Cordoba and Santa Cruz Provinces do not have legal status.

This alliance includes the Grand Movement [Corriente Grande], the Advanced Democracy [Democracia Avanzada], and the Communist Party, which were joined by the Fatherland and People Alliance [Alianza Patria y Pueblo], which in turn includes the Labor and People Party [Partido Trabajo y Pueblo], the National Leftist Party [Partido Izquierda Nacional], and the Popular Intransigence [Partido Intransigencia Popular].

Alliance sources have estimated that the Solanas-Imizcoz ticket could obtain 1 million votes, close to 6.5 percent of the electoral registry.

The Resistance Front (FR), which has Humberto Tumini as its presidential candidate and Jorge Reyna as its vice presidential candidate, is the outcome of an agreement between the Guevaraists of Free Fatherland [Free Fatherland] and the so-called Resistant Peronism [Peronismo que Resiste].

The FR's ticket will run in the Federal Capital and Buenos Aires, Cordoba, Tucuman, Corrientes, Catamarca, and San Luis provinces.

The local Trotskyites will run in the elections with three options: The Workers Unity-Workers Party Alliance supports the Jorge Altamira-Graciela Molle ticket, while the Socialist Movement of the Workers is supporting the Luis Zamora-Silvia Diaz ticket. Luis Zamora is a former deputy. The third option, that of the Labor and Socialist Front, which includes the Movement Toward Socialism [Movimiento al Socialismo] and the Workers Party for Socialism [Partido de Trabajadores por el Socialismo], has Alcides Christiansen and Jose Alberto Montes on its presidential ticket.

The PO [expansion unknown] will only campaign in the Federal Capital and Buenos Aires, Cordoba, Santa Fe, Tucuman, and Santa Cruz provinces, while the MAS-PTS [Movement Toward Socialism-Workers Party for Socialism] will run in the Federal Capital and Buenos Aires, Misiones, Santiago del Estero, San Luis, Rio Negro, and Neuquen provinces, leaders of these sectors have reported.

The MST [Socialist Movement of the Workers] has made it known that it will run in the Federal Capital and Buenos Aires, Mendoza, Neuquen, La Rioja, Santa Fe, Santiago del Estero, and San Juan provinces.

In view of such a spread of forces, the left's possibilities, as has happened so many times in the past, will lead to results that have very little electoral significance, and, therefore, the political repercussions will be limited.

## Mercosur Cultural Integration Advocated

*95SM0270A Buenos Aires CLARIN in Spanish*
*23 Mar 95 p 15*

[Article by Mario O'Donnell, secretary of culture of Argentina—first paragraph is CLARIN introduction]

[FBIS Translated Text] Last week high-level cultural officials of Brazil, Uruguay, Paraguay, and Argentina met in Buenos Aires to discuss the cultural integration of the Mercosur [Common Market of the South] member countries. The author of this report, Argentina's secretary of culture, states that everyone agreed about establishing closer ties, defending the region's production, and that cultural integration is essential for social development and democratic coexistence.

During the meeting we held in Buenos Aires with our counterparts, the top cultural officials of the Mercosur countries, and with cultural representatives of two guests, Bolivia and Chile, we reached agreement on some diagnoses and established methods for progress.

1) Political and economic integration will always be hypothetical and incomplete without vigorous cultural integration, for, as stated in the document that was approved, "culture provides the foundation for social development and for transformations in the field of production, as well as a support for the democratic consolidation of the peoples of the region. It always plays a decisive role in redeeming countries' most neglected sectors, especially young people, women, and ethnic groups that have historically been disadvantaged and subjected to discrimination."

### Our Geographies, Our Interests

2) Our mutual ignorance is serious, and it is fundamentally caused by the fact that cultural propaganda sources relate to other geographies and other interests. This distancing among countries whose territories are so close not only affects the arts and sciences, but also disrupts the work of our NGO's [Non-Governmental Organizations], foundations, universities, etc.

3) During this first Cultural Mercosur meeting, we were able to avoid the rhetoric and abstractions that generally prevail in international meetings on culture. We set as a priority the structuring of our cultural industries (film, publishing, and television) to make them more competitive in the world market. For culture must also generate

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jobs and stand in solidarity with the misfortunes of so many of our countries' fellow human beings who suffer from job difficulties.

4) Cultural assets, barring some fundamental exceptions, must not encounter impediments in crossing the borders that used to separate us and today draw us closer together.

5) We will work together to avoid the pillaging of our pre-Colombian treasures, whose best pieces are exhibited in museums outside the countries gathered together for this first Cultural Mercosur meeting.

6) A challenge that is symbolic of Cultural Mercosur is the hope that the Jesuit missions that are spread throughout Argentine, Brazilian, and Paraguayan territory may become a major attraction for international tourism, thus fostering the development of a region that has been neglected in each of these countries.

The commissions that will become permanent groups have worked enthusiastically and efficiently, realizing that they are playing major roles in a historic event.

As the Spanish proverb says: "What people do together will not be undone by anyone."

### German Economic Cooperation Minister Spranger Visits

*PY0504002995 Buenos Aires TELAM in Spanish 2306 GMT 3 Apr 95*

[FBIS Translated Text] Buenos Aires, 3 Apr (TELAM)—German Economic Cooperation Minister Carl-Dieter Spranger arrived in Argentina on a two-day visit today. He seeks to foster export promotion programs for Small and Medium-sized Enterprises (PyMES).

The Foreign Ministry reported that the German minister will review the bilateral technical cooperation projects that involved investments worth $10.5 million in 1994.

President Carlos Menem will meet the German minister at 0915 on 4 April at Government House.

Spranger will meet representatives from the German political foundations operating in our country at 1000 on 4 April. He will meet Argentine-German Chamber of Industry and Commerce leaders at 1115 on 4 April.

Foreign Minister Guido Di Tella will host a cocktail party for the foreign government official at 1230 on 4 April at the Foreign Ministry. The German minister will visit the Argentine Welding Center in Villa Lynch at 1445 on 4 April.

Spranger will attend the opening ceremony of the "Emilio Osoverde" children's environmental fair at 1630 on 4 April. This event is being sponsored by the Friedrich Neumannn Foundation at the Unicenter Shopping Center in Martinez District.

The German minister will travel at 0930 on 5 April to Misiones Province to visit the Lumber Technological Center that is being developed in the town of Montecarlo.

The Foreign Ministry reported that the German minister will then go to Brazil from Misiones Province.

## Bolivia

### Sanchez Admits Possible Implementation of State of Siege

*PY0404221395 La Paz PRESENCIA in Spanish 25 Mar 95 p 1*

[FBIS Translated Text] Bolivian President Gonzalo Sanchez de Lozada stated yesterday in Oruro that a state of siege will be imposed should social upheaval become uncontrollable. He said: So far, during the past 18 months of my government, I have not needed to use such a measure. If necessary we will use it, although I prefer to become the first government not to use it.

The president went to Oruro to attend the centennial anniversary of the Oruro Chamber of Commerce. The president pinned the Condor of the Andes award on its banner.

Sanchez de Lozada ruled out mediation by the church, stating that "the time is not yet right" because that would also be like imposing a state of siege. It may be imposed only as last resort if an understanding is not reached.

The president termed the social situation in the country as "complicated and difficult" because of the reluctance of teachers to accept the educational reform law which, according to the president, has the support of the overwhelming majority of the Bolivian people.

He said negotiation is possible concerning the implementation of the education reform law. He said: "We cannot do anything without dialogue. The government is willing to talk because it knows we must worry about the future of our children."

With his customary good humor, the president said it takes two to tango, adding: "I am ready but I need the other party (the teachers) to agree to dance."

He said: I am open for dialogue and I want to find solutions, I cannot cast aside the future of the children who greet me every time I walk on the street; I must think of them first.

Concerning the general strike announced by the COB [Bolivian Labor Federation]—which will begin on Monday 27 March—Sanchez de Lozada said: we must act more sensibly. He said: "Bolivia is a poor country that cannot afford such a measure." He then reaffirmed his concern over the situation of the education system.

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### Country Submerged in Generalized 'Credibility' Crisis

*PY0504034395 Madrid EFE in Spanish 0006 GMT 5 Apr 95*

[FBIS Translated Text] La Paz, 4 Apr (EFE)—Downtown La Paz today was a battlefield in which demonstrators and antiriot police engaged in a cat and mouse game throughout the main city streets from very early in the morning until late in the evening, beneath skies filled with the smell of tear gas.

Strategically located antiriot police patrols wearing jungle operation camouflage gear, and armed with tear gas bombs, rubber bullets and sticks, invaded the city to intercept and persecute the demonstrators, who disappeared from one street only to appear in another.

The demonstrators were summoned by the teachers' union leaders and the Bolivian Labor Federation (COB). The COB is the main national union organization; it has, for more than one week, been staging an indefinite nationwide general strike that has obtained partial support.

While the demonstrators and the police engaged in street clashes, COB leaders and the government again left empty-handed the negotiations they decided to attend through the mediation of the Church, which has traditionally assumed this role whenever there is a social or political crisis in Bolivia.

The COB stipulates that the government should agree to negotiate a series of demands that range from halting the privatization process of state-owned companies to salary increases beyond what is established by the national budget and the repeal of the Educational Reform Law.

The government refuses to take a step backward in its program. This program is mainly centered on the Capitalization Law, which seeks to privatize the most important public companies; the Popular Participation Law, which seeks to redistribute national resources through a decentralization of the administration; and the Educational Reform Law.

For the time being, the Educational Reform Law has only resulted in the closure of public schools for more than three weeks because of a strike that teachers have staged in view of their staunch opposition to this law.

The Capitalization Law has yet to result in the privatization of the state-owned companies that are on sale and that, in compliance with the government's original plans, were to have been transferred to private hands several months ago.

The tense atmosphere that has prevailed in La Paz for the past few weeks in view of the constant clashes between the police and demonstrators who, for one reason or another, daily arrive in the city, has extended to other regions of the country.

In the Amazon jungle department (province) of Pando, teachers, supported by workers from other areas, staged a large protest march today that lasted 10 hours and extended over 30 km.

The La Paz Civic Committee has also called a stoppage for 7 April to protest the Telecommunications Law. Similar organizations from other regions of the country are also adhering to this stoppage.

The civic committees are regional organizations that group different professional organizations and enjoy a tremendous rallying capacity.

According to Rodolfo Loayza, the Bolivian Medical Board general secretary, the Bolivian Medical Board will stage a 48-hour strike on 6 and 7 April to demand that the government pay social benefits through the professional scale system.

In the midst of this situation, Santa Cruz Archbishop Julio Terrazas today warned that Bolivia is suffering from a "generalized credibility" crisis and fears of changes

### Government, COB Negotiating With Church Mediation

*PY0504025795 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 4 Apr 95*

[FBIS Translated Text] The Bolivian Labor Federation [COB] and the administration sat today at the negotiating table with the mediation of the Church. Today, the COB and the government drafted a 10-point agenda. They are scheduled to hold another meeting at 1000 on 5 April at the Charitas building in La Paz. During this meeting, they are scheduled to discuss the educational reform, the salary issue, capitalization, the coca leaf issue, job stability, jobs, agriculture, social security, housing, taxes for union members and handicraft workers, union activities, and human rights.

Meanwhile, on 4 April the police hurled tear gas at workers staging demonstrations in downtown La Paz. According to Monsignor Jesus Juarez, Bolivian Bishops' Conference permanent secretary, the Church will continue to seek solutions to the complicated social conflict.

[Begin recording] [Msgr. Juarez] The Church will continue to support this effort to hold a dialogue. At this time, we would like to add that these demonstrations and repressions do not favor a successful dialogue.

[Unidentified reporter] Monsignor, will the Church attend every COB-government meeting?

[Juarez] It will attend all those meetings where its presence is deemed necessary. Undoubtedly, different commissions will be established, but the Church will attend the general sessions. [end recording].

### Minister Explains Capitalization Process

*PY0404231395 La Paz PRESENCIA in Spanish 26 Mar 95 p 9*

[Report by Ruben Alarcon]

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[FBIS Translated Text] Through its capitalization program, the government has opened the doors of six large state companies to private investors. They are: the National Electricity Enterprise (ENDE), Bolivian Government Oil Deposits (YPFB), the National Telecommunications Enterprise (ENTEL), Lloyd Aereo Boliviano (LAB), and the Vinto Metallurgical Enterprise (EMV).

Seeking new investments and to increase long-term savings, the government began the capitalization process on 22 March 1994 with the promulgation of the Capitalization Law, the implementation of complementary regulations, and the formation of work groups to define the strategies for the six largest state companies.

The second phase of the process saw the creation of the Ministry Without Portfolio to head the capitalization process. This ministry drafted laws on electricity, telecommunications, hydrocarbons, pensions, and the Regulation System (Sinare).

Through the capitalization process, the government expects a growth of 6.5 percent of the GDP and to maintain single digit inflation. Private investment would reach about 23 percent of the GDP with investments of $1 to $1.2 billion.

Minister Alfonso Revollo said: "The world economy is changing. Bolivia must become a part of this change, in which the state handles social, educational, and health matters, while production is managed by the private sector.

"The government wants to increase its social work in order to have a sustained growth, while the private sector, where risk capital exists, concentrates on fruitful investments.

"But this does not mean capitalization will become privatization. Capitalization is more like an association among the state. Its public enterprises, and investors who provide new capital equivalent to the market value of the company and who, through his experience and knowledge, has the right to manage it, therefore, the investor becomes a partner of Bolivia.

"In privatization the money obtained from the transfer of assets to the private sector goes to the National Treasury to cover the government spending, and the government can thus run out of money.

"Capitalization, however, will have a permanent evolutionary effect. In other words, the economy will have a permanent and sustained growth to enable it to reach an economic growth of 7 percent of the GDP. What we seek to implement will have unprecedented social characteristics.

"There is excessive opposition to the capitalization of ENDE, ENTEL, and YPFB because they provide the largest resources to the National Treasury. Those who oppose capitalization say it would be like giving those companies away.

"But this depends on how you look at the issue. We should not forget that these companies have a very high debt that must be covered by the National Treasury.

"With capitalization, state enterprise debts will be transferred to the new company.

"Workers of the companies to be capitalized will receive proposals from the government to buy company shares. This is how state companies will become mixed corporations as a prior step to capitalization. In this way workers become co-owners of the company.

"It is a free choice. Workers who want to buy shares will be welcome and the decision of those who do not will be respected.

"Workers will be able to buy shares at a price below the market price. It was also established that, as a first step, workers may only buy a limited number of shares, taking his level of social benefits as the maximum. He may buy the rest of his allocation when the new partner assumes the administration of the company.

"Those who were not employed by the companies can go to the non- contributing fund where shares can ensure them a dignified pension.

"The distribution of 50 percent of the shares of the six companies to be capitalized among 3.8 million Bolivians will be made through the reinforced pension system. Under the AFP [Pension Fund Administration Board], each Bolivian will get an account in the AFP of his choice.

"If the AFP has not yet begun to operate when the company becomes capitalized, the government can contract an international bank to act as trustee to safeguard the administration of his shares until the AFP is established. Once the AFP is established, the trustee will become a global guardian to ensure the shares are properly managed.

"The company will be unable to buy shares because they are only for the pension system. Thus, the company cannot play around with the money because the global guardian will control it.

"To chose the trustee, invitations were made to 11 banks from a list made up with the World Bank in which they are asked to submit written proposals until to 7 April. Following an evaluation of the proposals, three banks will be chosen and they will have until early May to submit their proposals. A final decision will be made on that basis and a bank will become the trustee at the start and later become the global trustee.

"The capitalization timetable will be fulfilled in 1995 and its benefits will be for everyone. There are no dates, but the ministry hopes that by 6 August President Gonzalo Sanchez de Lozada will be able to announce the capitalization and transfer of two state companies—possibly three."

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### Coca Growers Express 'Willingness' To Eradicate Coca

*PY0404123895 Buenos Aires TELAM in Spanish 2142 GMT 3 Apr 95*

[FBIS Translated Text] La Paz, 3 Apr (TELAMSNI)—Today the Bolivian coca growers expressed their willingness, provided certain conditions are met, to accept the eradication of their coca plantations as unilaterally announced by the government.

The proposal was made by Evo Morales, president of the Special Federation of Tropic Region Peasant Workers, who said that the government plan to eliminate 5,400 hectares of coca plantations this year was acceptable if it is accompanied by an alternative development plan that will grant the farmers new sources of income.

Morales said that the government plan would not be effective if it is not carried out together with an alternative development plan, and warned that those peasants who agree to eliminate their plantations in exchange for an indemnization of $2,000 will again plant this Andean plant—unharmful when used in its natural form, but also raw material for the production of cocaine—when they run out of money.

In statements to a local radio station, Morales insisted on warning that violence could surface if the government insists on eradicating coca plantations by force in view of pressure exerted by the United States.

"To destroy the coca plantations will not solve the drug trafficking problem" as Washington intends, said Morales.

He said that the United States must also fight the demand for drugs in its territory, which is what encourages drug production.

Leftist Deputy Ramiro Barrenechea, who is an expert on the subject, said that if eliminating coca plantations would solve the drug problem, the United States would have invested the $14 billion it invests in fighting drugs in U.S. territory in the alternative development plan.

He added that the appropriate measures to fight drug trafficking are curbing money "laundering," controlling drug demand, and preventing the entrance into Bolivia of the precursors that are used to extract cocaine from the coca leaves.

Last week the government announced its decision to eradicate 5,400 hectares of coca plantations this year after being pressured to substantially reduce those plantations by 30 June.

If not, Washington will cancel its drug enforcement certification for Bolivia issued on 1 March, which will result in a reduction of U.S. financial aid to Bolivia and of international loans for the La Paz government.

The decision was announced before the debate on the subject in Congress ended, and before a government-opposition meeting announced by the executive branch had been held to draft a consensus answer to the pressure being exerted on Bolivia.

Government (Interior) Minister Carlos Sanchez travelled to the United States yesterday to discuss the Bolivian Government's plan to reduce coca plantations and seek financial support, as well as to negotiate other aspects of the drug enforcement program with U.S. Government representatives.

Before leaving, Sanchez said that Foreign Minister Antonio Aranibar did not assume this mission because of its technical nature.

Moreover, Foreign Under Secretary Jaime Aparicio announced that an extradition treaty that includes individuals charged with drug trafficking—also demanded by the U.S. Government—will be signed soon if Washington accepts Bolivia's plan.

## Brazil

### Cardoso Terms Planned Labor Demonstration 'Reactionary'

*PY0504020595 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 4 Apr 95*

[FBIS Translated Text] President Fernando Henrique Cardoso has termed over-hasty and reactionary a demonstration that the PT [Workers Party] and the CUT [Sole Workers Center] are calling for tomorrow in Brasilia, to protest the constitutional reforms.

Here at Planalto Palace a short time ago, spokesman Sergio Amaral said unionists should accept an invitation extended by President Cardoso to engage in a debate. He added that shouts and slogans will not improve the life of workers.

[Begin Amaral recording] Demonstrations and marches are free in a democracy, and the government has nothing against them. Yet the government considers that it is markedly over-hasty to call for marches and to adopt a negative—and even reactionary—attitude against changes, instead of participating in a discussion and formulating proposals on the subjects that were suggested in the constitutional amendments. [end recording]

Amaral added that the president reiterated that he will meet with PT President Luiz Inacio Lula da Silva here in Brasilia as soon as he asks for an audience.

### Government Said Not Concerned About $4-Billion Reserve Drop

*PY0504020495 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 4 Apr 95*

[FBIS Translated Text] Central Bank President Persio Arida has denied that the government is concerned about the capital drain.

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Arida said the figures released on 3 April, when the Central Bank reported March figures with a historical record of a reserve drop amounting to $4 billion, are no longer a source of government concern, because results have been positive.

Arida said the government wants to promote domestic savings even further.

[Begin Arida recording] The country can grow rapidly if there is sufficient investment. In order to make large-scale investments, it is necessary to have savings to back investments. Consequently, our capacity to create income and jobs in the future relies on today's savings.

Savings have shown a good performance. As a whole, Brazil.... [changes thought] It is not a new problem. Brazil had reasonable domestic savings levels in 1995, 1994, and 1993. Yet such levels remained below the ideal level. [end recording]

Arida attended a solemn Chamber of Deputies session marking the 30th anniversary of the Central Bank.

### Minister Malan Analyzes Economic Situation

*PY0404205695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Apr 95 p B5*

["Exclusive" interview with Finance Minister Pedro Malan by Suely Caldas; place and date not given]

[FBIS Translated Text] [Caldas] One cannot say there was no retrogression in the commercial opening following the enforcement of such high tariffs. Will food, raw materials, and machines remain free from restrictions?

[Malan] Of a total of 9,000 products, the tariff increase affects about 100. They include cars and other durable goods that are purchased by the upper middle class. This has no effect whatsoever on production costs. It is a temporary, emergency measure which by no means represents abandoning or stepping backward in Brazil's commercial opening strategy, which is irreversible and which will continue. There have not been, and there will not be any, restrictions on importing capital goods, basic raw materials, or food.

[Caldas] Can the government modify tariffs, depending on the evolution of the trade balance?

[Malan] Tariffs can be reduced after some time if the government deems it appropriate. I will not promise dates or periods, but tariffs can drop. It is important to understand that we took that decision to clarify that Brazil will not permit any idea that the balance of trade is totally out of control, or that we will have substantial trade and current account deficits. We will have a significant trade surplus in 1995.

[Caldas] The installed capacity of those industrial sectors is operating at top level, and without competition from imported products, demand can surpass supply. What will the government do if manufacturers of those products increase their prices?

[Malan] There is no reason or grounds for increasing prices. Enterprises that do so will be closely monitored and will have to explain their action to Economic Coordination Secretary Milton Dallari and to the finance minister.

[Caldas] Will they also have to explain to the Federal Revenue Secretariat?

[Malan] I do not rule out that possibility.

[Caldas] Nothing happens for free. Will the government resort to a recession to curb inflation and generate a surplus production for exports?

[Malan] Recession is a word that does not exist in our dictionary. Unfortunately, here in Brazil people believe that any growth rate reduction involves a recession.

[Caldas] So, there will be no recession, just a very low growth rate.

[Malan] I do not mean it will be low. Demand will grow more slowly than at the end of 1994 and in the first months of 1995. Incidentally, demand has already dropped thanks to the measures adopted by the government. The government function is to follow the evolution and to ensure that consumption runs parallel to domestic production, which is also growing and will continue to grow.

[Caldas] Is the government studying new measures to restrict imports?

[Malan] The government is systematically monitoring the evolution of industrial activities, sales, imports, and exports, and is permanently evaluating the significance of figures. The objective has been clearly defined. We will produce a trade surplus in 1995. At this time no other measure seems necessary.

[Caldas] Why have the measures not affected other middle class consumer goods, like beverages?

[Malan] We wanted to make it clear that in no way did we seek a step backward in our commercial opening policy. Consequently, we limited our list to cars and durable goods, which showed an extremely high growth in January and February. We did not want to excessively enlarge the list.

[Caldas] Will a $5-billion surplus be enough for this year?

[Malan] I do not want to mention any figures. The important thing is to make it clear that we are striving for trade surpluses, not deficits. What was Mexico's problem? The last Mexican trade surplus was registered in November 1990. Since then there were successively increasing deficits until last month when a surplus was registered—at the expense of an almost 100-percent

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devaluation of the peso. Last year's current account deficit reached 8 percent of the GDP. Brazil is far, very far from that, and I am sure our external accounts will be in a much better situation at the end of 1995, and even better in 1996.

[Caldas] You have travelled abroad to advertise Brazil and attract new investments. What was the result?

[Malan] Major entrepreneurial decisions have been made. For example, Volkswagen, Ford, and General Motors have formally informed the president that within the next few years they will implement programs worth more than $1 billion. These are valuable figures for any country. Several other enterprises (I do not want to mention names) have made public their willingness to invest. There is great confidence in the future of Brazil.

[Caldas] Have investors imposed restrictions, conditioning investments to the reforms?

[Malan] There are no restrictions of that type. There are four sets of proposals for the constitutional reform. Two have already been submitted to Congress, and the two others will follow soon. The first, dealing with the economic order, seeks to open the mining, telecommunications, electric power, petroleum, gas, and transportation sectors to private investment. If Congress approves it, as I expect it will, this will give a positive signal for investment opportunities for Brazilians and foreigners. This has nothing to do with ideology, it is very pragmatic: Brazil needs to expand its telecommunications network, expand its electrical power system, its mining, gas, petroleum, and transportation. The public sector today has no funds for an investment program of the type the country needs. That is the essential objective.

[Caldas] Yet the opposition and a large sector of Congress do not agree with that.

[Malan] I will not generalize on the subject. We have held countless meetings with political parties and I believe a majority in Congress supports the proposals submitted by the executive branch.

[Caldas] Do you think the alliance between [Workers Party—PT—leader] Lula and [former Rio de Janeiro Governor] Leonel Brizola—which has given an ideological connotation to the reform—is inappropriate?

[Malan] Of course. I believe common sense will prevail and Congress will adopt the best solution for the country. I am confident that the economic order reform will be approved this year.

[Caldas] And what about the social security reform?

[Malan] The social security reform is another topic. The discussion should not be emotional, because the matter is quite objective. The system should be redesigned, because actuarial calculation projections call for a reformulation in order to guarantee the acquired rights and projected expected rights. If we refuse to modify the system now, the time will come when it will be no longer possible to meet expectations. This is a medium- and long-term subject. Social Security Minister Reinhold Stephanes has rightly foreseen that it is better to do things now, while it is still possible to find a solution, rather than do it traumatically in five or 10 years, when the system will clearly prove that, the way it is structured, it is unfeasible. The social security reform, however, is not essential now, for 1995.

[Caldas] Have retired workers failed to properly understand the proposal?

[Malan] It is unfortunate that there has been a considerable amount of disinformation and an emotional approach to the subject. No acquired right of retired workers will be affected. On the contrary, only by changing the system will it be possible to guarantee that retirement allowances will continue to be paid. Yet some corporativism has sought to depict the proposal as a negative move for retired workers, and this is a lie. People should more carefully study the figures instead of making such big noise about a justified proposal that the government is willing to discuss as many times as necessary.

[Caldas] The PT has complained on the grounds that President Fernando Henrique Cardoso promised to attach priority to the fiscal and tax reforms, and then reversed this order.

[Malan] Those reforms are part of another set that will soon be submitted to Congress. The fiscal reform will permit better control of public expenses, reducing the excessive number of the budget allocations tied to revenues, which has become typical of Brazil. Such allocations include constitutionally compulsory transfers to state and municipal governments, funds and programs. Over the past two months, of a revenue of 6.5 billion reals [R], more than R5 billion were tied to those obligations and to the payroll, debt amortization, and interests. About R1 billion was left each month, of which R550 million was earmarked for the health sector, leaving R450 million for the other 20 ministers to allocate for government work. This is unparalleled in the world. The fiscal policy is excessively rigid, as a consequence of allocations being excessively tied on revenues. At first sight, tying allocations to revenues seems good, but it actually jeopardizes the exercise of democracy.

[Caldas] When will this part of the fiscal reform be submitted to Congress?

[Malan] The part dealing with spending is practically ready, and there is full agreement between the Finance and the Planning Ministries. It is now under discussion at Planalto Palace and will soon be submitted to Congress.

[Caldas] What about the tax reform?

[Malan] We will submit the tax proposal after all the others because, by definition, it is the most complex one

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anywhere in the world. In the United States, the government submitted its tax proposal to Congress in November 1984 and, after a lengthy debate, Congress approved it in September 1986; that is, nearly two years later. Germany has been discussing its tax reform for eight years. It is not a simple issue, especially in federative republics, in which there are conflicts of jurisdiction over tax problems in light of the interplay of various levels of government, and of the need to determine which level is to be held accountable for public assets in different types of government. Brazil is no exception. Yet we must implement a tax reform because there is consensus about the need to simplify our system by reducing the number of taxes and by making the tax on consumption of basic goods a federal tax, and avoid a fiscal war among the states—which will not benefit anyone.

[Caldas] When will the fiscal and tax proposals be sent to Congress?

[Malan] Very soon. Perhaps it would not be realistic to expect the tax reform to be fully discussed in 1995, so it may go into effect in 1996. Because no tax can go into effect the year it has been passed, it is more likely the tax reform will go into effect in January 1997.

[Caldas] Does the government have options other than the R9.5 billion budget cut to manage the country without risking a fiscal deficit before the constitutional amendments are approved?

[Malan] There are no other options. In the entire world there are only five ways of addressing a potential deficit: by cutting spending, by increasing revenues, by obtaining domestic loans, by obtaining foreign loans, or by issuing currency. We do not want to issue currency to finance the government's current expenses. We believe it would be senseless to increase our debt. Thus, we have to combine controlled spending with increased efficiency in collecting revenues. Incidentally, our revenues have markedly increased. Our revenues hit a record high in January: They were 30 percent up on January 1994. February revenues set another record. They will continue to increase.

[Caldas] What about the jigsaw puzzle of having to cut R9.5 billion. Which areas will be affected by the cuts?

[Malan] I have full confidence in Planning Minister Jose Serra.

[Caldas] How will economic deindexation be implemented?

[Malan] It is important to conceive it as a gradual process. Demand for economic indexation stems from our having grown accustomed to inflation; there is a strong tendency in the country to look backward to obtain compensation for losses instead of looking ahead. We must carry on this process gradually, not abruptly. It entails continuing to prohibit the indexation of contracts lasting less than a year and negotiating mechanisms for combining past and future inflation. When inflation is declining—and it has abruptly declined—we must consider future inflationary expectations. If not, there will be large variations of income between creditors and debtors.

[Caldas] Will a formula of gradual deindexation, which combines past and future inflation, be adopted for salary adjustments as of 1 July?

[Malan] It will not be done abruptly. It will be negotiated with trade union organizations. Labor Minister Paulo Paiva has already set the process in motion.

[Caldas] Will the Consumer Price Index-Real, the official salary indicator, continue to be used after June?

[Malan] It is still being discussed and a decision has yet to be made.

[Caldas] Economic consultants believe inflation will increase as of May, citing the non-harvest season and the minimum salary increase as real factors that will cause price increases. What does the government expect?

[Malan] Let me comment on those predictions by mentioning the monthly inflation rates reported in 1994. Compared with September, there was indeed an upsurge in October. Some economists and consultants—I will not mention names because it is not my style—projected that inflation would reach between 4 to 5 percent in November and December. They said there would be price markups early in 1995 and so forth.

There were several of them—not just one or two, and they earn hefty salaries in their companies—who predicted that inflation would stand at 5 percent in December and it would be even higher in January. The average inflation rate was 1.5 percent in January, less than 1.5 percent in February, and the average inflation rate in March remains low. The story of projection trends predicted by those economists is the result of collective hysteria and of using an increase that affects area and extrapolating conclusions from it regarding other areas.

## Poll: Optimism on Economic Reform Declines

*95SM0271A Rio de Janeiro JORNAL DO BRASIL in Portuguese 19 Mar 95 p 3*

[Unattributed article: "Brazilians Reject Changes in Social Security"—boxed commentary by Marcos Coimbra, sociologist and director of Vox Populi opinion research]

[FBIS Translated Text] A nationwide poll taken by the Vox Populi Institute from 11 to 13 March shows that 78 percent of the Brazilian public opposes abolition of retirement based on length of service and, in fact, generally rejects the administration's proposed reforms in the Social Security system that were sent to Congress on Thursday.

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Only 9 percent of respondents agreed that the retirement system needs to be changed—the crux of the issue for Brazilians—while 5 percent were simply inclined to agree. Another 3 percent were inclined to disagree, swelling the chorus of the overwhelming majority.

Another symbolic point in the Social Security system, maternity benefits, also enjoys the approval of the majority of respondents: 76 percent oppose abolishing it, and 3 percent tend to disagree. Only 11 percent agree with administration plans to end the benefit, and 4 percent are inclined to agree.

On the subject of special retirement plans—another key issue in social security reform, which would combine the various systems that grant special benefits to certain occupational categories such as teachers, legislators, journalists, and magistrates—opinion is split. According to the poll, 34 percent agree with the administration and want to abolish special retirement plans, while 6 are inclined to agree. But 47 percent oppose the proposal and 3 percent are inclined to disagree.

Ten percent are undecided on the question—which may mean that even those who expressed an opinion do not clearly understand the significance of special retirement plans—the kind of arrangement where legislators, for example, can start receiving benefits after only eight years in office. In other words, it is hard to separate the wheat from the chaff.

**Text of Poll Questions on Social Security**

*Following are the questions on Social Security posed in the Vox Populi poll, with the results obtained:*

The administration is proposing to Congress that changes be made in Social Security. Tell me whether you agree or disagree with the proposals listed below:

Elimination of maternity benefits. Agree: 11 percent. Inclined to agree: 4 percent. Disagree: 75 percent. Inclined to disagree: 3 percent. Don't know/no opinion: 7 percent.

Elimination of retirement based on length of service. Agree: 9 percent. Inclined to agree: 5 percent. Disagree: 78 percent. Inclined to disagree: 3 percent. Don't know/no opinion: 6 percent.

Elimination of special retirement plans. Agree: 34 percent. Inclined to agree: 6 percent. Disagree: 47 percent. Inclined to disagree: 3 percent. Don't know/no opinion: 10 percent.

**The Public Fears the Return of Inflation**

The foreign exchange crisis has rekindled the fear of inflation in the minds of Brazilians. Some 41 percent are afraid of a return to unchecked devaluation of the currency, compared to 27 percent who expressed that view in the previous Vox Populi poll, which was taken in February. In the opinion of 35 percent, inflation will stay as it is—but, a month ago, that percentage was close to 40 percent, at 39 percent. The most optimistic, who are betting on an even sharper decline in inflation, account for 16 percent of respondents, compared with 25 percent who felt that way in February.

Reading between the lines, we see that confidence in the future of the economic policy is not the same as it was, although it still exists and could actually be called significant. In short, Brazilians are skeptical. Once again, people are recalling the fate of earlier plans, which failed and left as legacies the return of inflation and the breach of the old promise of a country free of currency devaluation.

During the 30 days that had passed since the previous round of Vox Populi polls, inflation barely exceeded 1 percent.

**Text of Poll Question on Inflation**

*Following are the expectations with regard to inflation expressed in the Vox Populi poll, with the results obtained both in the latest poll and in February:*

The inflation rate will increase: February, 27 percent; March, 41 percent.

The inflation rate will remain as it is: February, 39 percent; March, 35 percent.

The inflation rate will decline: February, 25 percent; March, 16 percent.

Don't know/no opinion: February, 10 percent; March, 8 percent.

**Confidence in *Real* Plan Off Slightly**

In just 30 days, the Brazilian public's confidence in the *Real* Plan has fallen by five points. In February, 61 percent told Vox Populi that in general, life had improved since the plan. Now, 56 percent feel that way. A month ago, 12 percent said that life had deteriorated. Now the pessimists account for 15 percent. In the earlier poll, 25 percent said that things were just the same—neither better nor worse. That figure remains virtually unchanged at 26 percent.

The variation cannot be termed significant, but it does reveal the average person's sensitivity to movements in the economy. Since then, the administration has resumed talking about raising public utility rates, automakers are screaming for readjustments, and the media coverage of the exchange crisis has become a danger sign—although, to most people, dollar auctions and exchange parities are indecipherable expletives. Recent good news, such as February's 1-percent inflation rate, was outweighed, in short, by fears that the *Real* Plan is in danger.

Because the decline in confidence in the *Real* Plan was not significant—and the exchange crisis, it seems, has been overcome—it is quite likely that these figures are merely a warning. But any bigger jolts to an economy

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hounded by the crises in Mexico and Argentina could, in short order, consolidate the trend that is now merely a warning.

**Text of Poll Question on the *Real* Plan**

*Following are the opinions expressed when respondents were asked about the situation in Brazil after the* Real *Plan, with the results obtained both in the latest poll and in February:*

Better: February, 61 percent; March, 56 percent.

Worse: February, 12 percent; March, 15 percent.

The same: February, 25 percent; March, 26 percent.

Don't know/no opinion: February, 2 percent; March, 3 percent.

**Administration Popularity Suffers a Blow**

Some Brazilians are starting to give little but worrisome signs of fatigue in the hopes they placed in Fernando Henrique Cardoso. Under the heading of "new developments" in the survey results is the slight decline in government popularity. The situation would appear to be the same: 72 percent of respondents rate the administration favorably, the same figure as in February. But appearances are misleading. There are slight declines in "excellent" and "good" ratings, and growth under the item "fair -positive."

On the other hand, among those who took a negative view of the administration, the categories "terrible" and "poor" remained unchanged. But in the column for those who rate it "fair -negative" we find an increase. Adding together both sides of the "fair" ratings, we see that the majority of the public tends to consider the administration simply "okay."

**Text of Poll Question on Administration Popularity**

*Following are the opinions expressed when respondents were asked to rate the administration, with the results obtained both in the latest poll and in February:*

How would you rate the administration?

Excellent: February, 7 percent; March, 5 percent.

Good: February, 40 percent; March, 38 percent.

Fair - Positive: February, 25 percent; March, 29 percent.

Fair - Negative: February, 8 percent; March, 11 percent.

Poor: February, 7 percent; March, 7 percent.

Terrible: February, 4 percent; March, 4 percent.

Don't know: February, 9 percent; March, 6 percent.

Didn't answer: February, 0 percent; March, 0 percent.

Consolidated results on this question: Positive assessment, 72 percent (same in both polls). Negative assessment, 19 percent in February, 22 percent in March. Don't know/didn't answer: 9 percent in February, 6 percent in March.

What do you expect Brazil to be like under the Fernando Henrique government?

Will be better: February, 56 percent; March, 51 percent.

Will be the same: February, 27 percent; March, 30 percent.

Will be worse: February, 10 percent; March, 12 percent.

Don't know/didn't answer: February, 8 percent; March, 7 percent.

**[Box, p 3]**

**Methodological Note**

The methodology employed by Vox Populi was the quantitative survey [preceding word in English] type. It involves using standardized questionnaires with a representative sample of the subjects to be studied. Questionnaires were presented to 3,178 Brazilians in all regions of the country. In all, interviews were conducted in 217 municipalities, chosen by lot using size criteria. The sample reflects proportions of the electorate by sex, age, education, income, and residential neighborhood.

**[Box, p 3]**

**A Ghost Stalks the Administration**

*Commentary by Marcos Coimbra, sociologist and director of Vox Populi opinion research.*

The latest JORNAL DO BRASIL/Vox Populi poll reveals a clear change in numbers: optimism has declined, and with it, expectations.

The strongest warning signal was sent as regards expectations of inflation. Whereas in February we called attention to a significant proportion of the public, 27 percent, who feared an increase in the inflation rate during the next 12 months, that opinion is now shared by 41 percent, a percentage that is creeping toward the 51 percent who think that inflation will remain the same or fall.

Perhaps this is why there has been a slight reduction in optimism with respect to the administration. This is easily the sentiment of the majority, despite the meaningful 10 percentage-point decline in the sum of expectations that it will be "excellent" or "good." The total was 57 percent in February but is now 47 percent.

It is possible that the slight drop in the assessment of the administration results from the inevitable fraying its image suffered in dealing with complicated issues in getting the reforms underway. The poll, taken together

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with several others, shows how negative the reaction is to changes in the so-called "social legislation," particularly Social Security.

Therefore, it seems that, in contrast to the proposals for change in economic legislation, which were favorably received by the public, the government needs to redouble its effort to explain and convince in the social realm.

### Deputy Proposes Sivam Contract Signing Suspension

*PY0504031695 Sao Paulo AGENCIA ESTADO in Portuguese 0004 GMT 5 Apr 95*

[By Claudia Carneiro]

[FBIS Translated Text] Brasilia, 4 Apr (AE)—PV [Vanguard Party] Deputy for Rio de Janeiro Fernando Gabeira today proposed that the government suspend the signing of the Sivam [Amazon Region Surveillance System] contract, until the reported irregularities that Congress is investigating are clarified. The proposal by Gabeira is based on a new accusation: The president of Esca—the Brazilian enterprise that was selected to control the Sivam information system—is a U.S. citizen, and this situation is a violation of the principle of national security that should apply to this service, the deputy emphasized.

Gabeira pressed the charge during a closed-door meeting of the Committee for the Defense of Consumers, the Environment, and Minorities, which was held this evening. The deputy said it is inconceivable that the enterprise selected for handling a national security matter should be run by a foreigner. He reported that Esca is run by U.S. citizen Steve Ortis. Gabeira a short time ago pressed another charge against Raytheon, the U.S. enterprise that won the tender for supplying Sivam radar equipment.

According to Gabeira, Raytheon overpriced a tender with the U.S. Government in the 1980's, in a $71-million deal involving the purchase of radar equipment to monitor underwater missiles. The enterprise's profits reached $16.5 million, but the discovery of overpricing led the U.S. Department of Justice to file a lawsuit against Raytheon, which had to return $4 million to the U.S. Government, the deputy reported.

Today's appeal was Gabeira's first step toward suspending the signing of the Sivam contract until the charges pressed on the project are clarified. Gabeira has threatened to formally request the suspension of the signing of the contract, if the government does not grant his request. "I am absolutely certain that I will obtain the suspension of the signing," he said.

The Environment Committee last week approved the installation of a type of "mini-CPI" [Congressional Investigative Committee] to look into the project. Gabeira himself asked the committee to supervise and control Sivam. The Committee designated PFL [Liberal Front Party] Deputy for Parana Luciano Pizzatto as rapporteur. Pizzatto gave an earlier opinion in favor of the proposal, and began the investigation by resorting to technicians of the National Acconting Office (TCU) and the Congressional Budget Advisory Department.

According to Gabeira's advisers, if the irregularities are confirmed, the "mini-CPI" is empowered to submit a legislative decree proposing the suspension of the contract. At the committee's last meeting last week, government advisers asked the deputy to abstain from formally requesting the suspension of the signing of the contract, in order to avoid constraints on the executive branch. On 17 April, President Fernando Henrique Cardoso will depart for the United States.

### Spokesman: No Link Between Sivam Contract, Cardoso's Trip

*PY0504034495 Sao Paulo AGENCIA ESTADO in Portuguese 0000 GMT 5 Apr 95*

[FBIS Translated Text] Brasilia, 4 Apr (AE)—There is no relation between the signing of the Sivam (Amazon Region Surveillance System) project contract and President Fernando Henrique Cardoso's upcoming visit to the United States on 17 April. This is what the government asserts. Presidential spokesman Sergio Amaral said on 4 April: "The contract will be signed whenever it is ready to be signed." He asserted that the president does not have to take the $1.5-billion project signed to the United States. The winning consortium, Raytheon, is American, and has been openly defended by U.S. President Bill Clinton.

### Planning Minister Serra's Position Termed 'Stronger'

*PY0504112795 Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Mar 95 p 12*

[FBIS Translated Text] Brasilia—Planning Minister Jose Serra's position has become still stronger after the latest decisions made by the government's economic team. These decisions led to reduction of Brazil's trade opening. Quietly, without uproar, Serra is becoming inceasingly closer to the government's decision-making center, and this confirms former Finance Minister Ciro Gomes' predictions. Little by little, the Real Plan—which was drafted by economists without experience in the world of politics—is becoming increasingly more similar to Minister Serra's profile.

Even before becoming planning minister, Serra defended measures that culminated in a devaluation of the real, as well as those that restricted imports. They had never been part of the measures defended by the economic team, which, for eight months, insisted on maintaining an overevaluated exchange rate and an open trade policy to maintain control over domestic prices.

The decision to increase import taxes on dozens of products was first discussed by the economic team at the

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beginning of the month, when the Federal Revenue Secretariat reported that the trade balance deficit would surpass $1 billion. Jose Roberto Mendonca de Barros, Finance Ministry economic policy secretary, was the first official to begin worrying about the level of imports and to defend strong measures to modify this situation. Last week, when figures indicated that the February trade deficit had reached the record level of $1 billion and many rumors about Central Bank President Persio Arida's ousting were circulating, the country lost $582.4 million in only four days.

Initially hesitant about adopting measures to restrict imports, Finance Minister Pedro Malan instructed the Federal Revenue Secretariat to report, in record time and in detail, the February trade balance figures, to identify the people who are mainly responsible for increasing purchases abroad. An adviser reported: "The minister wanted to know exactly what had happened before making a decision."

Initially, the team was divided with regard to the following two decisions: To adopt an anti-consumption package, as defended by Central Bank President Arida, in order to solve the problem by discouraging people from purchasing these goods, or to establish import barriers. Convinced that consumption is decreasing, Mendonca de Barros and Minister Serra suggested a drastic increase in import taxes. Arida's plans to adopt new measures to restrict credit, however, were not defeated.

The decision to increase import taxes was made on 27 March during a meeting at the Foreign Trade Chamber, which is headed by Civilian Household Chief Carvalho. Before giving the green light to the economic team, Carvalho consulted President Cardoso.

The list of products for which import taxes would be increased was drafted by Gesner de Oliveira, Mendonca de Barros' right-hand person, and Heloisa Camargos, Minister Serra's special adviser. Camargos proposed a much longer list of products, which included toys, baby carriages, trucks used the civil construction area, and even snow trailers. The most exaggerated suggestions were vetoed by Finance Minister Malan.

Industry, Commerce, and Tourism Minister Dorothea Werneck said on 30 March that she had been informed about the decision to modify the import taxes. She added that she had been forced to lie to Masanori Onji, executive director of Toyota do Brasil, to whom she had asserted that the import policy would not be modified. She said she had to do that to avoid been charged with leaking government information. This explanation was made public on 30 March by Minister Werneck's advisers.

### Amazon Region Environmental, Demarcation Projects Outlined

*PY0404180795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Apr 95 p A5*

[Article by Joao Domingos]

[FBIS Translated Excerpt] Brasilia—President Fernando Henrique Cardoso and Environment, Water Resources, and Legal Amazon Minister Gustavo Krause announced in Manaus yesterday the demarcation of 58 Amazon indigenous areas in which $32 million will be applied to benefit 39,000 village inhabitants.

Part of the funds ($16.6 million) will be borrowed from the German Government. The financing contract will be signed on 6 April. The rest of the funds will be completed with resources from the Brazilian Government and the World Bank. The project normalizes the land property situation of the indigenous peoples and is aimed at protecting and preserving their land, besides offering ways to improve their standard of living.

The government also announced the availability of $9.66 million for the Chico Mendes rational exploitation reserves in Alto Jurua, Acre State, Rio Ouro Preto, Rondonia State, and Rio Cajari, Amapa State. The funds were transferred by the World Bank. Of the total sum, $3.315 million will be available in May. According to Krause, this will be an experimental project using reserves appropriated for environment preservation.

The government also announced that the nine states of the Amazon region will receive $88 million through the next five years to help environmental organizations mark, monitor, and control areas. A contract between the Brazilian Government and the World Bank ensures $20 million for the project. The rest of the funds are being negotiated with the European Community and the Kreditanstalt fur Wiederaubau (KfW) of Germany. The contract will be signed in May.

The nine governors of the Amazon region yesterday signed the Amazon Letter, in which they give up isolated demands and predatory economic development in the region in favor of joint actions linked to an environmental preservation policy. [passage omitted]

## Colombia

### Samper Responds to Accusations in Media

*PA0504035295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2310 GMT 4 Apr 95*

[News conference by Colombian President Ernesto Samper with unidentified reporters at Narino Palace; broadcast in progress—live]

[FBIS Translated Text] [Samper] ...now we will be able to work harder on the programs that concern Colombians the most. We will focus the government's energy on decreasing unemployment, reactivating the countryside, improving social conditions, and, of course, fighting the serious drug-trafficking problem. No one must mistake the clear and conclusive resolve of my government as it continues to fight the drug cartels, which we are already besieging by eradicating illegal

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crops, capturing [word indistinct], and destroying industrial drug processing laboratories.

In this case, as is the case in other areas, my government will continue to act in accordance with its beliefs, not out of coercion. By conviction, Colombia has sacrificed the lives of its best men; by conviction, we have resisted terrorism and will fight corruption; by conviction, we will continue to achieve in sovereignty the objectives we set out to achieve. These policies have tangible objectives and goals, which we are willing to share amid a climate of international cooperation.

I urge all Colombians to keep looking out for the objectives that are in our vital interest as a nation; namely, peace, reduction of social inequalities, and the modernization of our productive system. I also urge the media to look optimistically to the immediate future, not to fall into sensationalism and not to feed national uncertainty and the negative image Colombia has abroad with rumors and false tales. Let us all stop [words indistinct] and let us give coexistence among Colombians a second chance.

[Reporter] [Words indistinct]

[Samper] The first part of your question refers to allegations in a magazine article of participation by Colombian Government security and intelligence agents. A communique was issued today in that magazine—SEMANA magazine—emphatically explaining that the Colombian Government exerted no pressure regarding the contents of the article that magazine published. Ever since we became aware of the other incident, we ordered the National Police to investigate. The defense minister will present the results of this investigation on 6 April at 0900, according to the terms I explained to you.

Likewise, yesterday we asked the Attorney General's Office to begin conducting the investigations that will define the corresponding administrative responsibilities. The public can rest assured that my government is fully committed to freedom of the press. I demonstrated that when I signed the Chapultepec Declaration in the palace. We will clearly define responsibilities in any other events regarding a possible alteration of this freedom of the press. We will not hesitate to take whatever action is necessary to guarantee the preservation of freedom of the press.

[Reporter] [Words indistinct] a second chance for coexistence among Colombians. Regardless of what President Samper respects, is it true that the country has more than enough measures and that there is a lack of representation [words indistinct] accusations against the government of President Ernesto Samper? You who [words indistinct] the country, how do you respond to the country in the face of recent charges that you are the president of a narco-democracy?

[Samper] I believe the country has the right to subject the physical integrity of the president to any test. [sentence as heard] Both my personal and public lives are an open book to ensure that any citizen, at any time, and before any court will be able to question my actions throughout my entire life, as long as these questions are based on evidence and proof, not on false accusations or rumors. That is why I urge any Colombian who wants to question events in my past to do it openly, respecting all the guarantees the government offers and before the proper authorities.

I reject the term that is being used internationally, and which even the Colombian media are using in some cases, that Colombia is a narco-democracy. Of course, we have—we all know it—the threat of infiltration by drug traffickers in all government institutions. No one can ignore the potentially corruptive power of drug trafficking in this country. Just as this corruptive power exists, we also have a [word indistinct] power, which is the worst [words indistinct] the honest people who are working to combat this crime, this corruption. In memory of those policemen who were sacrificed in the fight against violence and narco-terrorism, those judges who gave their lives after a trial in which they attempted to discover the truth, and those presidential candidates who gave their lives because they criticized organized crime, I reject the term narco-democracy and [words indistinct] we are working on; we really have a commitment of honesty and [word indistinct] work, and we will keep working to move forward [words indistinct].

[Reporter] Good afternoon. With all due respect, this morning we [words indistinct] the statements of former Conservative President Misael Pastrana, who at the end of a long interview invited you to swear before Colombians and God that you are absolutely certain that your campaign never received money, that you are certain of this, and that you never received money directly from the cartel. Are you willing to take an oath?

[Samper] As you have just said, I will beat former President Pastrana's offer. I will not limit it to one minute or to one single idea. I offer my entire life to all Colombians who want to question my integrity and honesty and guarantee that they will be able to examine it and investigate it. If they should so desire, I will [words indistinct] the improper behavior throughout my years in the public eye and in my private activities. I urge them to present them to the courts, to prove them, and to define my accountability.

[Reporter] Good afternoon. How does the Colombian Government define the supposed ultimatum by the U.S. Congress that it will withdraw economic aid if your government fails to achieve the goals set out in the fight against drug trafficking? Why have you remained silent in the face of the national and international charges that your campaign had access to dirty money?

[Samper] No, we have not remained silent. The country has a Prosecutor General Office's that is bound to investigate all such accusations. This Prosecutor General's Office has been conducting the appropriate investigations. In January I asked the prosecutor general to

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carefully examine and revise all the processes in which dirty money may have been involved, including any political campaign. I understand that the prosecutor general has been conducting these investigations. He is the person responsible for doing it, and the government is supporting the Prosecutor General's Office in all its actions and in the responsibilities it defines. The thing is that [words indistinct] the proper courts must discuss the evidence while respecting the rights of those who were allegedly accused. This is something the country must understand to really keep living in a state of law.

As for the ultimatum you just mentioned, I accept no ultimatums. Colombia decided to pursue civic policies on matters involving the counternarcotics effort on 8 February. We are willing to share the [words indistinct] of these antidrug policies that we sovereignly devised, and we will carry them out with or without certification and with or without ultimatums, because as I said in my statement, the drug trafficking fight in Colombia is not a matter of coercion but of conviction. We are fighting drugs, and we are destroying illegal crops.

We are going after the cartels. We are fighting money laundering. We are controlling ships. We are protecting San Andres from drug trafficking and corruption, not as a response to coercion but out of our conviction about the need to fight drug trafficking.

We are not alone. There are international intelligence organizations participating in the struggle against drug trafficking, and we publicly acknowledge their support. Their support is mirrored in the international acknowledgement of the struggle Colombia is waging.

One source of concern, however, is that negative news about Colombia sometimes has a greater chance than positive news of being circulated internationally. Gossip, rumors, and news that could create destabilization are disseminated, but nothing is said about the good things in Colombia, about effective operations by the search bloc, about the positive results of the alternative development plan.

That is why I ask at the end of my statement that the media help us publicize Colombia's good side. Unfortunately, debates about Colombia abroad are often sparked by reports produced in our own country.

[Reporter] Colombia's image in the United States is deteriorating. The defense minister apologized after the search bloc raided the Intercontinental Hotel. This aggravated the United States and has furthered tarnished our image in the eyes of congressmen and the presidency. What do you think about this?

[Samper] You are giving me the opportunity to demonstrate the opposite. This administration has a counternarcotics record that no other Colombian administration has been able to achieve in its first six months. What we have is gossip about an alleged failure to fulfill commitments and an alleged lack of resolve.

In the few months of my administration we have been able to destroy 45 clandestine airfields; we have captured almost 1,000 people linked to drug trafficking; we have captured a person who is very close to cartel bosses; we have conducted almost daily raids in Cali, in Valle del Cauca; we have offered rewards for the arrest of cartel bosses.

No other government has established a program as systematic and effective as Colombia's. There was a completely isolated episode, and we were informed that the lives of innocent people could have been endangered during an operation, during a raid. The national government has asked security bodies to explain what happened and whether the lives of innocent people were endangered.

We will ask security organizations for an explanation as to whether the lives of innocent people are being endangered, and we will ask them as often as necessary. The government is obligated to protect the lives of innocent people who could get involved in an operation, in an antiguerrilla operation, or during a dragnet.

Unfortunately, the information that appeared in a newscast and that was promptly sent to the United States apparently has been [words indistinct] and Colombia's position has not been understood. In my opinion, our position is clear and [word indistinct].

I do not want to be told that operations against drugs or against guerrillas must be carried out even at the expense of innocent lives. I am not prepared to do that.

[Reporter] Good evening, Mr. President [words indistinct] is going to make public the recording in which former President Pastrana reports to the Advisory Commission his position on the crisis with the United States and the narco-cassettes, as he invited you to do this morning [words indistinct]?

[Samper] The Advisory Commission information is confidential. At that meeting, former President Pastrana said he reserves the right to make known the opinions he expressed in the commission. The U.S. certification was the issue under discussion. Considering that the Advisory Commission has approved the publication of the opinions of all the Commission members, not only those of the former president, the national government has no objection, of course, to making known the opinions expressed by former President Pastrana if he authorizes this dissemination.

### Verbal War Over Samper's Alleged Drug Links Rages

*PA0404194395 Madrid EFE in Spanish 1654 GMT 4 Apr 95*

[FBIS Translated Text] Santa Fe de Bogota, 4 Apr (EFE)—It was announced today that the government's verbal war with former President Misael Pastrana's family, which has accused President Ernesto Samper of

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maintaining ties with drug traffickers, will affect Colombia's international image just when it is being examined by the U.S. Congress.

The Colombian Council of Ministers, at the initiative of Economic Development Minister Rodrigo Marin Bernal, a Conservative, on Monday [3 April] rejected a "campaign to discredit" Samper and the country, which was unleashed some months ago by the newspaper LA PRENSA, owned by the Pastrana family.

"LA PRENSA" has repeatedly accused Samper of having financed part of his presidential campaign with donations from well-known Cali Cartel leaders.

The scandal broke just when in Washington today Senator Jesse Helms will open a debate in the Hemispheric Affairs Commission against Colombia; he will insist that this Andean country "is a narcodemocracy" and he will call for sanctions, according to newspapers.

Senator Helms, according to the same sources, will present various witnesses, among them a woman, "Maria," and another individual according to whom the Colombian Government had pressed for a change in the edition of the magazine "SEMANA," which went on the stands on Monday.

Meanwhile, the newspaper "LA PRENSA" on Sunday published a photomontage that "exceeded the limits of the government's patience."

In the Sunday edition of this newspaper directed by Juan Carlos Pastrana, Samper was shown in a full-page photograph with his face, but with with the body, clothes, and inmate identification of former Panamanian General Manuel Antonio Noriega.

The campaign of accusations started the very day that Samper won the presidential runoff elections in June 1994 against former Bogota Mayor Andres Pastrana, the conservative candidate and brother of Juan Carlos.

The defeated conservative candidate accepted the Samper victory, but at the same time hinted that the Liberal Party candidate's campaign received money from drug traffickers.

Andres Pastrana disclosed the day following his defeat, after sowing the doubt, the existence of tape recordings between one of the cartel leaders and a newsman in which they talked about contributions to the presidential campaign.

Last 7 August, the Samper government began its political course under the shadow of the scandal known as the narcocassettes, although weeks later, then prosecutor General Gustavo de Greiff closed the episode, declaring there was no proof.

De Greiff, in turn, is facing charges for not "disqualifying" himself because his daughter Monica, a former justice minister and current Samper international adviser, was at that time a leader and adviser of his presidential campaign.

The political storm grew Monday when Marin Bernal asked his cabinet colleagues to sign a statement supporting the president and describing a LA PRENSA report titled "The Noriega Syndrome," as cowardly and irresponsible.

The Council of Ministers declaration joined the alleged government meddling to pressure SEMANA magazine to "soften" another series of accusations against the Samper government.

A SEMANA article entitled "The Helms' Show" carried the testimony of "Maria," who accused Samper of receiving "two briefcases" with money from the hands of the same Cali Cartel leaders.

According to the charges disclosed on Monday, police agents, posing as SEMANA employees halted the printing of the magazine to see "what changes" were finally introduced to the key article, as the government had requested.

At the same time, former President Misael Pastrana, father of Juan Carlos and Andres, asked Samper to swear "publicly" that he has not received money from drug trafficking.

## Ecuador

### Congress President on Border Demobilization

*PA0104142595 Quito Voz de los Andes in Spanish 1700 GMT 31 Mar 95*

[Interview with Ecuadoran Congress President Heinz Moeller by Marco Antonio Bravo at the station studio in Quito; from "The Voz Andes Newscast"—live]

[FBIS Translated Text] [Bravo] Dr. Moeller, thank you for being here at Voz de los Andes.

[Moeller] Thank you for the invitation, good morning.

[Bravo] How do you view the position of the guarantor countries? How do you view the demobilization process that has been initiated with the separation of forces by both countries?

[Moeller] It would be a little premature to say something. This day is only the second of the operation, following the approval of definitive regulations by the observer countries. We have to evaluate the events. There is, in fact, information that there has been a movement of Peruvian troops toward the Peruvian assembly point, which is Watch Post No. 1, called Soldado Pastor.

We have clearly stated—and this is a decision we have maintained at the Security Council—that the detachments at Base Sur, Tiwinza, and Cueva de los Tayos will

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remain under Ecuadoran military control until the infiltrated Peruvian troops have withdrawn. We cannot run the risk; we cannot afford to trust Peru's good intentions. It is unfortunate, but that is a reality history has taught us.

I have been skeptical regarding this procedure, and we have publicly stated our concerns regarding the slowness of the military observers. I am not saying they have been partial, but they are being too slow. We hope we can enter a stage of moderate optimism, during which we Ecuadoreans must remain watchful and strengthen our internal front. The military front is alert to any surprise that may occur. We cannot lose sight of the fact that the Peruvian presidential elections are slated for 9 April. This situation is hurting Mr. Fujimori.

I believe the warmongering sector of the Peruvian Armed Forces will not get its way if things happen the way both peoples want, and we will be able to create an atmosphere of detente within the next 60, 90, or 120 days in order to begin working toward a concerted solution that can lead to a definitive peace between our two peoples.

[Bravo] Could this moderate optimism turn into pessimism?

[Moeller] It will depend on the events. The tricks President Fujimori had used—especially the one in which he declared a unilateral cease-fire, after Ecuador had already declared its cease- fire, only to unleash the most ferocious attack on Tiwinza three days later in which we lost more men in only one day than the ones we had lost during the entire war—indicate to us we cannot let our guard down. This is a healthy, wise, appropriate attitude. We cannot let our guard down.

Concerning the observer countries—I held a meeting with the Brazilian president's representative the day before yesterday—I could really see that the United States, Brazil, Argentina, and Chile are committed to the efforts to attain a permanent peace. The field conditions in the upper Cenepa, as all Ecuadoreans know, are suitable for hiding troops; therefore, the efforts to confirm the absence of troops there will take more time than the 40 to 45-day period estimated by the observers. I hope the area is completely cleared within the next 90 days. We hope it is visibly delimited so international observers and the international and national media can tour the area and verify the absence of troops.

I have said it is logical to think it would be embarrassing for Fujimori to turn over the Tiwinza detachment to the international observers. Fujimori had announced six times that it had been taken over by Peruvian troops.

[Bravo] That is why he will not do it.

[Moeller] That is what we interpret. Mass was celebrated in Tiwinza last Sunday, meaning the atmosphere there is sufficiently calm for observers to travel there without risking their personal security.

[Bravo] What has the Brazilian president's representative said about this point? Could you talk to him about Tiwinza?

[Moeller] Yes. He told me they had turned over to the respective Armed Forces of both countries—Ecuador and Peru—the schedule they will follow in order to guarantee that the demilitarization or the withdrawal of troops to their detachments of origin was, in fact, taking place. He told me it was difficult to confirm the specific time and said it had no relation to the 9 April elections in Peru. He said that the observers will reach Tiwinza and that this Ecuadoran post will temporarily be turned over, with the media present, to the international observers; this does not mean, however, we are giving up our sovereignty or positions.

We are contributing to a peaceful attitude by assembling our troops in Coangos, in Ecuador's case. We are contributing to a separation of forces, because what happened three days ago could happen again. I personally did not believe it was the beginning of a new Peruvian offensive, but if there are Ecuadoran and Peruvian troops facing each other at a distance of 100, 200, 300, 400 meters, it is highly possible these types of incidents could reoccur, the reason why the separation of forces is essential.

We hope it will continue. I hope we are going to have a more clear indication in three or four days of how things are moving, hopefully in the direction Ecuador had always wanted them to move. Ecuador has always honestly and sincerely wanted to move in the direction of a definitive peace.

[Bravo] The cease-fire is practically a fact now. Conditions are demonstrating it despite the latest isolated incidents as the Ecuadoran Government called it last Monday. The country, Ecuadoran people, authorities, and the government are convinced a single position must exist so we can begin negotiating down the road knowing well not everything we want will be given to us. We have to negotiate, meaning we have to give up something. Is the country aware of the fact we have to give up something?

[Moeller] I believe the big lesson we have learned in the last few months is the marvelous Ecuadoran solidarity. I am talking about our solid, strong, internal front in the political, military, diplomatic, and journalistic fields. It is not a lesson we can erase with our elbows. I simply believe the concept exists. I believe we are a sufficiently mature country that can recognize the existence of a protocol that was imposed on us by force. That is immoral. We are not going to insist on discussing its legal nature. The Rio de Janeiro Protocol was imposed on us; it is as real as a crime. People install iron bars on their windows, because crime exists.

I have had personal experiences in the various missions in which I have had to participate because of the undeclared war with Peru, both in Central America with

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the Central American presidents as well as in Washington. I can say that 100 percent of border protocols in the world have been imposed through war and weapons. When we start talking about a sector in Ecuador calling for a [word indistinct] to the Rio de Janeiro Protocol, we see an attitude of skepticism and rejection on their part, whether he is a U.S. senator or a Central American president, because they do not know about this reality.

We are speaking, however, of the nonexecutability of the Rio de Janeiro Protocol in the undelimited area, because it is something real that is physically evident through air photography or visual observation. You can see there is no separation of waters between the Zamora and Santiago Rivers. Consequently, it must be understood in all fairness that the intentions of the protocol, which was imposed by force but negotiated and approved by an Ecuadoran Congress, is to draw an imaginary line between the Zamora and Santiago rivers; that is just where the Cenepa River is, no doubt about that. The Rio de Janeiro Protocol includes in Article 9 a mechanism to make corrections in case there is no geographic point that can facilitate the delimitation of the border. It states the countries may make territorial compensations.

Out of respect for the past, out of respect for history, as all generations must have, we have to make a commitment to the Ecuador of the future. We have to create conditions so Ecuador can really face the challenges of the future by spending less on weapons. We cannot return to an arms race. We need a solution that can recognize our sovereign presence in the Amazon region and give us an access to the Maranon River with territorial continuity, give or take a few square kilometers.

I totally agree with you. You belong to a generation that sees things from a practical viewpoint. We have to give up things. A concerted solution between Ecuador and Peru is practically impossible to achieve. Peru will maintain its position, which is to keep the summits of the Condor Mountain Range, and we are going to continue to demand the return of what was taken from us in the 1941 war. The solution will be, in some way, an arbitrated solution, through the participation of mediators, the pope, or the intervention of world personalities such as former President Jimmy Carter, former Costa Rican President Oscar Arias. I personally spoke to former President Oscar Arias about this matter. It is evident that arbitration by itself is not a solution. The pope's arbitration is not a solution. It is a mechanism to find an accepted or acceptable solution for both countries.

[Bravo] You mentioned military expenditures. Ecuador has changed as a result of the war. The postwar Ecuador is different. There is an awareness among the Ecuadoran people that we must support the Armed Forces through various mechanisms. One of the mechanisms is by providing the Armed Forces with the proper weapons to face any emergency. If military expenditure is reduced, would it involve a reduction of the Armed Forces?

[Moeller] Military expenditures are always less when the Armed Forces are given deterrent capabilities. Our Armed Forces are only involved in the protection of our borders; they also do social work, which is very important, but the capability of the Ecuadoran Armed Forces must be maintained, undoubtedly, in the future, regardless of whatever is signed.

Our Armed Forces have to maintain their defensive, deterrent capability. It is always less costly to arm military forces in order to have a defensive capability than to have a force that can wage an offensive battle. Because we do not have that criteria, we believe we can make our Armed Forces more efficient than what they are, but to accomplish this goal, we have to do so with responsibility.

It is easy to ask: Where are we going to get the money to finance the war? We have to finance it. We have to tighten our belts. What we are telling the president at this time is that everyone must tighten his belt. The Ecuadoran people are already doing it. The pockets of the Ecuadoran people are exhausted. They cannot dig in their pockets any more. The state, the government must also tighten its belts. It has to reduce its expenditures and must establish priorities; we agree with that. Our top priority is to maintain the Armed Forces' defensive and deterrent capability in the next few months.

We have to be vigilant. We hear Peruvian military spokesman say they are going to unleash another offensive in the next six months. We would have to be blind and deaf not to listen to this message.

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